

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

COUNTY OF CONTRA COSTA

RICHMOND, CALIFORNIA

FINANCIAL STATEMENTS

WITH SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2008

AND

INDEPENDENT AUDITOR'S REPORT

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2008

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-14
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet - to the Statement of Net Assets	18
Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances - Governmental Funds - to the Statement of Activities	20
Statement of Fund Net Assets - Proprietary Fund - Self-Insurance Fund	21
Statement of Revenues, Expenses and Change in Fund Net Assets - Proprietary Fund - Self-Insurance Fund	22
Statement of Cash Flows - Proprietary Fund - Self-Insurance Fund	23
Statement of Fiduciary Net Assets - All Trust and Agency Funds	24
Statement of Change in Fiduciary Net Assets - Retiree Benefits Trust Fund	25
Notes to Basic Financial Statements	26-52

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2008

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
Supplementary Information:	
Statement of Revenues, Expenditures and Change in Fund Balance - Budget (Non-GAAP) and Actual - Major Fund - General Fund	53
Statement of Revenues, Expenditures and Change in Fund Balance - Budget (Non-GAAP) and Actual - Major Fund - Building Fund	54
Combining Balance Sheet - All Non-Major Funds	55-56
Combining Statement of Revenues, Expenditures and Change in Fund Balances - All Non-Major Funds	57-58
Organization	59
Schedule of Average Daily Attendance	60
Schedule of Instructional Time	61
Schedule of Expenditure of Federal Awards	62-63
Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements	64
Schedule of Financial Trends and Analysis	65
Schedule of Charter Schools	66
Schedule of Excess Sick Leave	67
Notes to Supplementary Information	68-69
Independent Auditor's Report on Compliance with State Laws and Regulations	70-72
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	73-74
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	75-76

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2008

TABLE OF CONTENTS

(Continued)

	<u>Page</u>
Findings and Recommendations:	
Schedule of Audit Findings and Questioned Costs	77-83
Status of Prior Year Findings and Recommendations	84-85

INDEPENDENT AUDITOR'S REPORT

Honorable Board of Education
West Contra Costa Unified School District
Richmond, California

We have audited the accompanying 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, 2008, which collectively comprise West Contra Costa Unified School District's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

The basic financial statements referred to above do not include the Trust and Agency Fund financial statements for the associated student body accounts which should be included to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the basic financial statements is not known.

In our opinion, except that the omission described in the preceding paragraph results in an incomplete presentation, 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 West Contra Costa Unified School District as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2008 on our consideration of West Contra Costa Unified School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

Our audit was conducted for the purposes of forming an opinion on the financial statements that collectively comprise West Contra Costa Unified School District's basic financial statements. The accompanying financial and statistical information listed in the Table of Contents, including the Schedule of Expenditure of Federal Awards, which is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements of West Contra Costa Unified School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Perry-Smith LLP

Sacramento, California
December 11, 2008

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

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

Bruce Harter, Ph.D.
Superintendent of Schools

Sheri Gamba
Associate Superintendent
Business Services

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

INTRODUCTION

Management's 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, 2008. It should be read in conjunction with the District's financial statements.

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) 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 AND EDUCATIONAL HIGHLIGHTS

The District's financial position deteriorated over the past year. Overall expenditures of \$378.5 million exceeded revenues by \$32.1 million. Total net assets decreased by 12% over the course of the year.

In October 2007, the District implemented a spending freeze on hiring and overtime for positions within the school district. On February 6, 2008, the School Board took action to reduce the budget for 2008-09, and to provide savings in the current year, by eliminating certain non-classroom vacancies.

The District filed a qualified certification for the Second Interim financial statements. A qualified certification is assigned to a school district that, based upon current projections, may not meet its financial obligations for the current fiscal year or two subsequent fiscal years.

The District is making progress in improving our educational facilities. Construction at El Cerrito High School, Helms Middle School, and Downer Elementary School continues through the use of bond funds.

REPORTING THE DISTRICT AS A WHOLE

The complete annual financial report is a product of three separate parts: the basic financial statements, supplementary information, and this section, Management's Discussion and Analysis. The three sections together provide a comprehensive overview of the District. The basic financials are comprised of two kinds of statements that present financial information from different perspectives, District-wide and funds.

- District-wide financial statements, which comprise the first two statements, provide both short-term and long-term information about the District's overall financial position.
- Individual parts of the District, which are reported as fund financial statements, focus on reporting the District's operations in more detail. These fund financial statements comprise the remaining statements.
 - ❖ Basic services funding (i.e., regular and special education) is described in the governmental funds statements.
 - ❖ Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the proprietary funds statements.
 - ❖ Financial relationships, for which the District acts solely as an agent or trustee, for the benefit of others to whom the resources belong, are presented in the fiduciary fund statements.

Notes to the financials, which are included in the financial statements, provide more detailed data and explain some of the information in the statements. A comparison of the District's budget for the year is included as required supplementary information.

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 assets	Balance sheet	Statement of net assets	Statement of fiduciary net assets
	Statement of activities	Statement of revenues, expenditures & changes in fund balances	Statement of revenues, expenses & changes in fund net assets	Statement of changes in fiduciary net assets
			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 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

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's basic financial statements are comprised of three components: 1) District-wide financial statements, 2) fund financial statements and 3) notes to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector's business.

The Statement of Net Assets and the Statement of Activities

The District as a whole is reported in the District-wide statements and uses accounting methods similar to those used by companies in the private sector. All of the District's assets and liabilities are included in the statement of net assets. The statement of activities reports all of the current year's revenues and expenses regardless of when cash is received or paid.

The District's financial health or position (net assets) can be measured by the difference between the District's assets and liabilities.

- Increase or decrease in the net assets of the district over time are indicators of whether its financial position is improving or deteriorating, respectively.
- Additional non-financial factors such as condition of school buildings and other facilities and changes in the property tax base of the district need to be considered in assessing the overall health of the district.

The Statement of Net Assets and the Statement of Activities show all District operations as governmental activities, the basic services provided by the District, such as regular and special education, administration and transportation. Property taxes and state formula aid finance most of these activities.

The District-wide financial statements can be found on pages 15 through 16 of this report.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other local governments, uses fund accounting to ensure compliance with finance-related legal requirements. Fund financial statements report essentially the same functions as those reported in the District-wide financial statements. However, unlike the District-wide financial statements, fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

The District has three kinds of funds:

Governmental funds

Most of the District's basic services are included in governmental funds, which generally focus on:

1. How cash and other financial assets can be readily converted to cash flow (in and out).
2. The balances left at year-end that are available for spending.

The governmental fund statements provide a detailed short-term view. These help determine whether there are more or fewer financial resources that can be spent in the near future for financing the District's programs. Because this kind of information does not encompass the additional long-term focus of the District-wide statements, additional information is provided on page 7 that explains the differences (or relationships) between them.

Proprietary funds

The proprietary fund category includes Internal Service Funds.

Internal Service funds report activities that provide supplies and services for the other programs and activities of the District.

- The district has one internal fund: a self-insurance fund.

Fiduciary funds

For assets that belong to others, such as the scholarship fund and/or student activities fund, the District acts as the trustee, or fiduciary. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes. A separate statement of fiduciary net assets and a statement of change in fiduciary net assets report the District's fiduciary activities. These activities are excluded from the District-wide financial statements, as the District cannot use the assets to finance the operations.

THE DISTRICT AS A WHOLE

Net Assets – The District's combined net assets were lower on June 30, 2008 than they were the year before—decreasing by \$32.1 million to \$236.3 million as reflected on the next page.

Net Assets

	GOVERNMENTAL ACTIVITIES	
	2008	2007
Current Assets	\$ 219,764,450	\$ 347,125,159
Capital Assets	681,170,469	559,702,811
Total Assets	900,934,919	906,827,970
Current Liabilities	73,538,489	70,925,436
Long-term Liabilities	591,064,105	567,489,172
Total Liabilities	664,602,594	638,414,608
Net Assets:		
Invested in Capital Assets, net of related debt	147,674,919	64,631,801
Restricted For:		
Capital Projects	56,258,980	142,172,323
Debt Service	25,893,539	31,276,479
Educational Programs	24,272,690	19,117,248
Other Purposes (Expendable)	11,493,688	11,207,327
Other Purposes (Unexpendable)	2,147,479	2,505,063
Unrestricted	(31,408,970)	(2,316,879)
Total Net Assets	\$ 236,332,325	\$ 268,413,362

The District's financial position is the product of many factors. However, two events of the last year stand out:

- Through the bond program, together with State apportionments for school facilities, the District has continued construction of new schools and has continued the process of renovating its existing schools. These activities have increased the capital assets of the District.
- Additional revenue sources from developer fees in the Capital Facilities Fund and State Apportionments for Facilities in the County School Facilities Fund provided significant revenues.

Changes in Net Assets – The District’s total expenditures exceeded its revenues by \$32.1 million. Property taxes, State Aid and other general sources accounted for most of the District’s revenues contributing approximately 69 cents per every dollar of revenue received while Federal, State and local grants and contributions for specific purposes provided approximately 31 cents of every dollar of revenue.

GOVERNMENTAL ACTIVITIES		
	2008	2007
Revenues:		
Program revenues:		
Charges for Services	\$ 1,773,900	\$ 1,540,634
Operating Grants and Contributions	105,914,809	99,849,521
Capital Grants and Contributions	192,995	1,634,026
Total Program Revenues	107,881,704	103,024,181
General Revenues:		
Property Taxes	115,260,971	112,242,862
Federal and State Aid	115,304,637	123,892,423
Interest and Investment Earnings	6,931,223	14,088,554
Interagency revenues:		
Miscellaneous	1,075,382	4,483,568
Special extraordinary items	-	778,468
Total General Revenues	238,572,213	255,485,875
Total Revenues	346,453,917	358,510,056
Expenses:		
Instruction	206,647,051	182,279,832
Support Services:		
Administrative	48,121,091	41,530,509
Student Support	31,758,964	28,386,102
Non-Student Support	16,820,257	16,013,860
Plant Services	35,185,962	30,551,629
Ancillary Services	7,240,074	4,485,025
Transfers between agencies	152,651	1,401,831
Interest on long-term debt	32,608,904	24,974,128
Total Expenses	378,534,954	329,622,916
Change in Net Assets	\$ (32,081,037)	\$ 28,887,140

Governmental Activities

The following table presents the costs of five major activities: Instruction, Support Services, Facility and Plant Services, Ancillary Services and Other. The table also shows each activity’s net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost of services shows the financial burden that was placed on the District for each of these functions.

The cost of all programs was \$378.5 million for this fiscal year. The users of District programs as well as Federal, State and local governments who provided funds for specific programs provided \$107.9 million. The balance of the District's expenditures were paid for by State apportionments for ADA and by local property taxes. Property taxes comprised of \$115,260,971 of this amount while State education aid formulas contributed the remaining \$115,304,637.

	Net		Net	
	Total Cost	(Expense) Revenue	Total Cost	(Expense) Revenue
	2008	2008	2007	2007
Instruction	\$ 206,647,051	\$ (161,450,658)	\$ 182,279,832	\$ (131,088,777)
Support Services	96,700,312	(47,253,204)	85,930,471	(43,821,651)
Facilities and Plant	35,185,962	(30,658,173)	30,551,629	(29,572,469)
Ancillary Services	7,240,074	(1,501,654)	4,485,025	(1,312,981)
Other	32,761,555	(29,789,561)	26,375,959	(20,802,857)
Total	\$ 378,534,954	\$ (270,653,250)	\$ 329,622,916	\$ (226,598,735)

THE DISTRICT'S FUNDS

The financial position of the District as a whole is reflected in its governmental fund statements. As the District completed the year, its governmental funds reported a combined fund balance of \$168 million, well below last year's combined ending fund balance of \$297.7 million. This decrease is due to activities in the District's Capital Projects Fund and Building Fund.

General Fund Budgetary Highlights

Over the course of the year, the District revises the annual operating budget several times due to changes in State and federal funding. The District is required to prepare financial reports for the school board twice a year. This is done through the preparation of the First and Second Interim Reports, which are prepared based on information available as of October 31 and January 31 respectively. Budget adjustments and revisions can be classified into three types:

- Appropriation of prior year ending fund balances and deferred revenues derived primarily from Federal, State and local government sources for specific programs.
- New appropriations or budget augmentations for programs and expenditures that were not known or anticipated at the time of budget development.

The final revised General Fund budget of the District reflected anticipated revenues of \$296 million against appropriated expenditures of \$315.6 million thus anticipating a decrease of \$19.6 million in overall fund balance.

The District took a pro-active approach to reduce expenditures without affecting the instructional programs to the greatest extent possible.

Actual revenues were less than anticipated while actual expenditures were also less than anticipated. The combination of these variances resulted in a higher (\$45.8 million) than projected (\$28.4 million) ending fund balance.

Summary of Revenues for Governmental Function

The following schedule represents a summary of the general operating fund, special revenue, capital projects fund and debt service fund revenues for the fiscal year ended June 30, 2008, and the increase and decrease (in amount and percentage) in relations to prior year amounts.

	2008	Percent of	Increase (Decrease) From Prior	Percent Increase (Decrease) From
	Fiscal Year	Total	Fiscal Year	Prior Fiscal Year
Revenue Limit Sources	\$ 166,817,807	48%	\$ (3,075,989)	(1.81%)
Federal	34,831,968	10%	1,638,518	4.94%
Other State	80,193,619	23%	(1,365,391)	(1.67%)
Other Local	64,610,527	19%	(8,675,055)	(11.84%)
Total Revenues	\$ 346,453,921	100%	\$ (11,477,917)	(3.21%)

The following schedule represents a summary of the general operating fund, special revenue, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2008, and the increase and decrease (in amount and percentage) in relations to prior year amounts.

Summary of Expenditures by Object Code

	2008	Percent of	Increase (Decrease) From Prior	Percent Increase (Decrease) From
	Fiscal Year	Total	Fiscal Year	Prior Fiscal Year
Certificated salaries	\$ 124,574,291	26%	\$ 2,517,326	2%
Classified salaries	51,203,205	11%	4,849,778	10%
Employee benefits	69,590,159	14%	5,823,754	9%
Books and supplies	19,277,429	4%	1,844,144	11%
Services, other operation expenses	47,093,067	10%	3,763,497	9%
Capital Outlay	131,843,678	27%	45,122,648	52%
Debit Service:				
Principal	11,852,282	2%	2,486,271	27%
Interest	20,671,237	4%	743,282	4%
Other outgo	51,834	0%	(1,246,409)	(96%)
Total Expenditures	\$ 476,157,182	100%	\$ 65,904,291	16%

CAPITAL ASSET AND DEBT ADMINISTRATION

By June 30, 2008, the District had invested \$900.8 million in a broad range of capital assets including land, school buildings, athletic facilities, computer and audio-visual equipment as well as support facilities as reflected in the following table. Additional information about the capital assets of the District can also be found in footnote 4. Total depreciation expense for the year was \$18 million while additions to net capital assets amounted to approximately \$139.1 million.

Construction, planning and design activities continued during the year related to the renovation of the District's elementary and secondary schools.

Capital Assets

	<u>Governmental Activities</u>		
	Balance, July 1, 2007	Additions Reductions	Balance, June 30, 2008
Governmental activities:			
Land	\$ 52,352,775	\$ 18,516	\$ 52,371,291
Site Improvements	48,154,355	1,119,733	49,274,088
Buildings	462,479,198	102,664,116	565,143,314
Machinery and Equipment	11,646,023	968,671	12,234,075
Construction In Progress	187,027,182	138,358,367	221,772,825
Totals at historical cost	761,659,533	243,129,403	900,795,593
Less: accumulated depreciation			
Site Improvements	(37,578,695)	(2,284,599)	(39,863,294)
Buildings	(159,333,815)	(14,834,786)	(174,168,601)
Machinery and Equipment	(5,044,212)	(893,993)	(5,593,229)
Total accumulated depreciation	(201,956,722)	(18,013,378)	(219,625,124)
Governmental activities, capital Assets, Net	\$ 559,702,811	\$ 225,116,025	\$ 681,170,469

Long -Term Liabilities

In recent years the District has received approval from the voters to issue \$890 million 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. Finally, Measure J was approved for \$400 million in November 2005. 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.

At year end the District had \$608 million in general obligation bonds and other long-term liabilities outstanding, a slight increase over the prior year.

This is the first year the District has been required to report its Other Post Employment Benefit (OPEB) liability within its financial statements. That liability is reflected in the following table.

The activities of the District's long-term liabilities are reflected in the table below as well as the footnotes to the financial statements in note number 6. The General Obligation Bonds have been sold with insurance at the highest rating possible, AAA.

	<u>Governmental Activities</u>				
	Balance			Balance	Amounts
	July 1, 2007	Additions	Deductions	June 30, 2008	Due Within One Year
Emergency Apportionment Loan	\$ 14,290,742	\$ -	\$ 1,202,668	\$ 13,088,074	\$ 1,221,093
General Obligation Bonds	536,503,517	-	9,487,090	527,016,427	10,796,196
Accreted Interest	9,504,043	11,961,909	-	21,465,952	-
1994 Certificates of Participation	10,340,000	-	275,000	10,065,000	285,000
Voluntary Integration Program	4,452,000	-	790,000	3,662,000	790,000
Computer equipment acquisition	4,494,709	197,857	-	4,692,566	625,000
Compensated absences	3,517,902	-	317,586	3,200,316	3,200,316
OPEB Obligation		24,469,980	-	24,469,980	-
Child care facilities loan	516,443	-	97,524	418,919	97,524
Total Long-term liabilities	<u>\$ 583,619,356</u>	<u>\$ 36,629,746</u>	<u>\$ 12,169,868</u>	<u>\$ 608,079,234</u>	<u>\$ 17,015,129</u>

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 a waiver of this limit by the California State Board of Education allowing the District to issue bonds up to an amount not to exceed 3.0% of assessed value.

Notes to Basic Financial Statements

The Notes to Basic Financial Statements complement the financial statements by describing qualifying factors and changes throughout the fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Revenue Limit P-2 funded Average Daily Attendance (ADA) decreased by 240 from the prior year. Revenue Limit P-2 funded ADA has decreased by 4,205 over the last five years. Declining enrollment is impacting 50 percent of all school districts in California. The District continues to monitor this situation and has made budget reductions to counter the loss of revenue from declining enrollment.

The District provides post-employment health benefits to retirees who meet plan eligibility requirements. The present value of future post-employment health care benefits is \$727.7 million.

The escalating cost of health care benefits is a major concern. The District provides health care benefits for employees and retirees. The District paid \$28.2 million for employees and \$14.5 million for retirees in the current year.

The State of California continues to experience budget difficulties at the present time. As the majority of our revenue comes from the State, we will most certainly continue to experience budget challenges in the coming years.

The adopted budget for the 2008-2009 school year included a structural deficit of \$7.7 million. The State of California's economic condition has gone from bad to worse. The Governor's proposal, which is currently under consideration by the legislature, would reduce the revenue of the District this year by an estimated \$10 million.

In order to address the structural deficit in the coming years, the District is using a balanced approach which will include seeking cost containment through collective bargaining, school closure and additional district wide staff reductions.

BASIC FINANCIAL STATEMENTS

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2008

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 187,823,918
Accounts receivable	29,222,742
Prepaid expenses	2,077,479
Stores inventory	640,311
Capital assets, net of accumulated depreciation (Note 4)	<u>681,170,469</u>
Total assets	<u>900,934,919</u>
LIABILITIES	
Accounts payable	52,077,599
Unpaid claims and claim adjustment expenses (Note 5)	500,000
Deferred revenue	3,945,761
Long-term liabilities (Note 6):	
Due within one year	17,015,129
Due after one year	<u>591,064,105</u>
Total liabilities	<u>664,602,594</u>
NET ASSETS	
Invested in capital assets, net of related debt	147,674,919
Restricted (Note 7)	120,066,376
Unrestricted	<u>(31,408,970)</u>
Total net assets	<u>\$ 236,332,325</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, 2008

			Program Revenues		Net (Expense) Revenues and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
	Expenses				
Governmental activities (Note 4):					
Instruction	\$ 206,647,051	\$ 143,851	\$ 44,859,547	\$ 192,995	\$ (161,450,658)
Instruction-related services:					
Supervision of instruction	24,617,106		23,904,284		(712,822)
Instructional library, media and technology	3,028,823		111,806		(2,917,017)
School site administration	20,475,162	96,600	2,215,217		(18,163,345)
Pupil services:					
Home-to-school transportation	7,489,577		2,481,078		(5,008,499)
Food services	11,530,422	1,418,002	8,837,992		(1,274,428)
All other pupil services	12,738,965		5,176,524		(7,562,441)
General administration:					
Data processing	3,094,297		1,028,718		(2,065,579)
All other general administration	13,725,960	81,307	4,095,580		(9,549,073)
Plant services	35,185,962	34,140	4,493,649		(30,658,173)
Ancillary services	7,145,247		5,738,420		(1,406,827)
Enterprise activities	94,827				(94,827)
Other outgo	152,651		2,971,994		2,819,343
Interest on long-term liabilities	32,608,904				(32,608,904)
Total governmental activities	\$ 378,534,954	\$ 1,773,900	\$ 105,914,809	\$ 192,995	(270,653,250)
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					68,785,391
Taxes levied for debt service					29,110,935
Taxes levied for other specific purposes					17,364,645
Federal and state aid not restricted to specific purposes					115,304,637
Interest and investment earnings					6,931,223
Miscellaneous					1,075,382
Total general revenues					238,572,213
Change in net assets					(32,081,037)
Net assets, July 1, 2007					268,413,362
Net assets, June 30, 2008					\$ 236,332,325

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2008

	<u>General Fund</u>	<u>Building Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and investments:				
Cash in County Treasury	\$ 25,790,323	\$ 59,741,398	\$ 46,224,929	\$ 131,756,650
Cash on hand and in banks	71,499		32,607	104,106
Cash in revolving fund	70,000			70,000
Cash awaiting deposit			1,300	1,300
Cash with Fiscal Agent		12,006,621	1,755,341	13,761,962
Investments	11,006,525	22,620,032	7,489,822	41,116,379
Accounts receivable	23,073,315	741,321	3,470,606	27,285,242
Due from other funds			3,601,608	3,601,608
Stores inventory	<u>230,039</u>		<u>410,272</u>	<u>640,311</u>
Total assets	<u>\$ 60,241,701</u>	<u>\$ 95,109,372</u>	<u>\$ 62,986,485</u>	<u>\$ 218,337,558</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 11,702,228	\$ 28,259,236	\$ 2,838,502	\$ 42,799,966
Deferred revenue	948,099		2,997,662	3,945,761
Due to other funds	<u>1,751,608</u>		<u>1,850,000</u>	<u>3,601,608</u>
Total liabilities	14,401,935	28,259,236	7,686,164	50,347,335
Fund balances	<u>45,839,766</u>	<u>66,850,136</u>	<u>55,300,321</u>	<u>167,990,223</u>
Total liabilities and fund balances	<u>\$ 60,241,701</u>	<u>\$ 95,109,372</u>	<u>\$ 62,986,485</u>	<u>\$ 218,337,558</u>

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 ASSETS

June 30, 2008

Total fund balances - Governmental Funds \$ 167,990,223

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$900,795,593 and the accumulated depreciation is \$219,625,124 (Note 4). 681,170,469

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at June 30, 2008 consisted of (Note 6):

General Obligation Bonds	\$ (527,016,427)	
Accreted interest	(21,465,952)	
Certificates of Participation	(10,065,000)	
Emergency Apportionment Loan	(13,088,074)	
Voluntary Integration Plan	(3,662,000)	
Computer equipment acquisition loan	(4,692,566)	
Child care facilities loan	(418,919)	
OPEB Obligation	(24,469,980)	
Compensated absences	<u>(3,200,316)</u>	
		(608,079,234)

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Net assets of the Self-Insurance Fund are: 1,429,025

In the governmental funds, interest on long-term liabilities 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: (8,255,637)

Costs associated with the issuance of long-term liabilities are not financial resources and, therefore, are not reported as assets in governmental funds. 2,077,479

Total net assets - governmental activities \$ 236,332,325

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

GOVERNMENTAL FUNDS

For the Year Ended June 30, 2008

	<u>General Fund</u>	<u>Building Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Revenue limit sources:				
State apportionment	\$ 99,648,215			\$ 99,648,215
Local sources	<u>67,169,592</u>			<u>67,169,592</u>
Total revenue limit	<u>166,817,807</u>			<u>166,817,807</u>
Federal sources	25,621,521		\$ 9,210,447	34,831,968
Other state sources	71,167,149		9,026,470	80,193,619
Other local sources	<u>21,327,703</u>	<u>\$ 5,764,674</u>	<u>37,518,150</u>	<u>64,610,527</u>
Total revenues	<u>284,934,180</u>	<u>5,764,674</u>	<u>55,755,067</u>	<u>346,453,921</u>
Expenditures:				
Certificated salaries	121,060,184		3,514,107	124,574,291
Classified salaries	44,592,168	867,437	5,743,600	51,203,205
Employee benefits	66,089,445	326,728	3,173,986	69,590,159
Books and supplies	12,340,626	2,180,367	4,756,436	19,277,429
Contract services and operating expenditures	41,425,355	3,511,475	2,156,237	47,093,067
Capital outlay	889,702	121,366,873	9,587,103	131,843,678
Other outgo	51,834			51,834
Indirect cost reimbursement	(802,241)		802,241	
Debt service:				
Principal retirement	790,000		11,062,282	11,852,282
Interest			<u>20,671,237</u>	<u>20,671,237</u>
Total expenditures	<u>286,437,073</u>	<u>128,252,880</u>	<u>61,467,229</u>	<u>476,157,182</u>
Deficiency of revenues under expenditures	<u>(1,502,893)</u>	<u>(122,488,206)</u>	<u>(5,712,162)</u>	<u>(129,703,261)</u>
Other financing sources (uses):				
Operating transfers in	2,839,820		3,563,250	6,403,070
Operating transfers out	<u>(3,551,157)</u>	<u>(2,539,820)</u>	<u>(312,093)</u>	<u>(6,403,070)</u>
Total other financing sources (uses)	<u>(711,337)</u>	<u>(2,539,820)</u>	<u>3,251,157</u>	
Net changes in fund balances	(2,214,230)	(125,028,026)	(2,461,005)	(129,703,261)
Fund balances, July 1, 2007	<u>48,053,996</u>	<u>191,878,162</u>	<u>57,761,326</u>	<u>297,693,484</u>
Fund balances, June 30, 2008	<u>\$ 45,839,766</u>	<u>\$ 66,850,136</u>	<u>\$ 55,300,321</u>	<u>\$ 167,990,223</u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS -
TO THE STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2008

Net changes in fund balances - Total Governmental Funds \$ (129,703,261)

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

Acquisition of capital assets is an expenditure in the
governmental funds, but increases capital assets in
the statement of net assets (Note 4). \$ 139,516,679

Depreciation of capital assets is an expense that is not
recorded in the governmental funds (Note 4). (18,013,378)

Gain or loss from disposal of capital assets are reported
as revenue for entire proceeds in the governmental funds,
but in the statement of activities, only the resulting gain
or loss is reported (Note 4). (35,643)

Imputed interest on the computer equipment acquisition loan
is an increase to long-term liabilities that is not recorded in
the governmental funds (Note 6). (197,857)

Repayment of principal on long-term liabilities is an expend-
iture in the governmental funds, but decreases the long-
term liabilities in the statement of net assets (Note 6). 11,852,282

Issuance costs and discounts related to the issuance of
long-term liabilities is an expenditure in the governmental
funds, but increases the assets in the statement of net
assets. (100,817)

In governmental funds, interest on long-term liabilities is
recognized in the period that it becomes due. In the
government-wide statement of activities, it is recognized
in the period that it is incurred. (11,739,810)

Internal service funds are used to conduct certain activities
for which costs are charged to other funds on a full cost
recovery basis. Change in net assets for the Self-Insurance
Fund was: 493,162

In government funds, OPEB costs are recognized when
employer contributions are made. In the statement of
activities, OPEB costs are recognized on the accrual
basis. This year, the difference between OPEB costs
and actual employer contributions was (Note 6): (24,469,980)

In the statement of activities, expenses related to compen-
sated absences are measured by the amounts earned
during the year. In the governmental funds, expenditures
are measured by the amount of financial resources used
(Note 6). 317,586 97,622,224

Change in net assets of governmental activities \$ (32,081,037)

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATEMENT OF FUND NET ASSETS - PROPRIETARY FUND
SELF-INSURANCE FUND

June 30, 2008

ASSETS

Cash in County Treasury	\$ 993,521
Cash with Fiscal Agent	20,000
Accounts receivable	<u>1,937,500</u>
Total assets	<u>2,951,021</u>

LIABILITIES

Accounts payable	1,021,996
Unpaid claims and claim adjustment expenses	<u>500,000</u>
Total liabilities	<u>1,521,996</u>

NET ASSETS

Restricted	<u><u>\$ 1,429,025</u></u>
------------	----------------------------

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN
FUND NET ASSETS - PROPRIETARY FUND

SELF-INSURANCE FUND

For the Year Ended June 30, 2008

Operating revenues:	
Self-insurance premiums	<u>\$ 5,357,768</u>
Operating expenses:	
Classified salaries	6,718
Employee benefits	732
Books and supplies	31,994
Contract services	<u>4,825,162</u>
Total operating expenses	<u>4,864,606</u>
Operating income	493,162
Total net assets, July 1, 2007	<u>935,863</u>
Total net assets, June 30, 2008	<u><u>\$ 1,429,025</u></u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
SELF-INSURANCE FUND

For the Year Ended June 30, 2008

Cash flows from operating activities:	
Cash received from self-insurance premiums	\$ 3,420,268
Cash paid for salaries and benefits	(7,447)
Cash paid for books and supplies	(31,994)
Cash paid for claims	(1,469,439)
Cash paid for contract services	<u>(2,737,955)</u>
Net cash used in operating activities	<u>(826,567)</u>
Change in cash and cash equivalents	(826,567)
Cash and cash equivalents, July 1, 2007	<u>1,840,088</u>
Cash and cash equivalents, June 30, 2008	<u><u>\$ 1,013,521</u></u>
Reconciliation of operating income to net cash	
used in operating activities:	
Operating income	\$ 493,162
Adjustments to reconcile operating income to net cash	
used in operating activities:	
Increase in:	
Accounts receivable	(1,937,500)
Accounts payable	<u>617,771</u>
Net cash used in operating activities	<u><u>\$ (826,567)</u></u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET ASSETS

ALL TRUST AND AGENCY FUNDS

June 30, 2008

	<u>Trust Fund Retiree Benefits Trust</u>	<u>Agency Fund Payroll Clearing Fund</u>	<u>Total</u>
ASSETS			
Cash in County Treasury (Note 2)	\$ 2,637,738	\$ 1,661,683	\$ 4,299,421
Investments (Note 2)	6,866,552		6,866,552
Accounts receivable	<u>60,019</u>	<u>39,933</u>	<u>99,952</u>
Total assets	<u>9,564,309</u>	<u>1,701,616</u>	<u>11,265,925</u>
LIABILITIES			
Accounts payable	21		21
Due to regulatory agencies	<u></u>	<u>1,701,616</u>	<u>1,701,616</u>
Total liabilities	<u>21</u>	<u>1,701,616</u>	<u>1,701,637</u>
NET ASSETS			
Restricted (Note 7)	<u>\$ 9,564,288</u>	<u>\$ -</u>	<u>\$ 9,564,288</u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET ASSETS
RETIREE BENEFITS TRUST FUND
For the Year Ended June 30, 2008

Revenues:	
Other local sources	\$ 15,875,768
Expenditures:	
Contract services and operating expenditures (Note 9)	<u>14,809,317</u>
Change in net assets	1,066,451
Net assets, July 1, 2007	<u>8,497,837</u>
Net assets, June 30, 2008	<u><u>\$ 9,564,288</u></u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

West Contra Costa Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board and the American Institute of Certified Public Accountants. The following is a summary of the more significant policies:

Reporting Entity

The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

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. The purpose of this Corporation is 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), a form of long-term debt, which the District used to finance continuing operations. 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 GASB Statement No. 14, *The Financial Reporting Entity*, for inclusion of the Corporation as a component unit of the District. The basic, but not the only criterion for including a governmental department, agency, institution, commission, public authority, or other 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 agencies. Oversight responsibility implies that the nongovernmental unit is dependent on another and the dependent unit should be reported as part of the other.

Oversight responsibility is derived from the governmental unit's power and includes, but is not limited to:

- Financial interdependency
- Selection of governing authority
- Designation of management
- Ability to significantly influence operations
- Accountability for fiscal matters

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reporting Entity (Continued)

Accordingly, for the year ended June 30, 2008, 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 Corporation Debt Service Fund. COPs issued by the Corporation are included as long-term liabilities in the government-wide financial statements.

Basis of Presentation - Financial Statements

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a change in the fund financial statements to focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets and the Statement of Change in Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The District's accounts are organized into three broad categories which, in aggregate, include seven fund types as follows:

A - Governmental Fund Types

1. General Fund:

The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

2. Special Revenue Funds:

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Adult Education, Child Development, Cafeteria, Deferred Maintenance and Special Reserve for Other Than Capital Outlay Projects Funds.

3. Capital Projects Funds:

The Capital Projects Funds are used to account for resources used for the acquisition or construction of capital facilities by the District. This classification includes the Building, Capital Facilities, Special Reserve for Capital Outlay Projects and County School Facilities Funds.

4. Debt Service Funds:

The Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term liabilities principal, interest, and related costs. This classification includes the Bond Interest and Redemption, Corporation Debt Service and Debt Service Funds.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation - Fund Accounting (Continued)

B - Proprietary Fund

1. Self-Insurance Fund:

The Self-Insurance Fund is an internal service fund used to account for services rendered on a cost-reimbursement basis within the District. The Self-Insurance Fund is used to account for resources committed to pay for costs arising from property losses and liability claims that are covered, or only partially covered, through purchased insurance.

C - Fiduciary Funds

1. Trust Fund:

The Retiree Benefits Trust Fund is a Trust Fund used to account for the District's defined post-employment healthcare plan.

2. Agency Fund:

The Payroll Clearing Fund is an Agency Fund used by the District to account for assets held by the District as trustee. The "due to regulatory agencies" account within the Payroll Clearing Fund is used to hold dedicated funds for payroll and related expenses.

Basis of Accounting

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

Accrual

Governmental activities in the government-wide financial statements and the proprietary and fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting

By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

The District employs budget control by major object code and by individual appropriation accounts. Expenditures cannot legally exceed appropriations by major object code. The budgets are revised during the year by the Board of Education to provide for unanticipated revenues and expenditures. The originally adopted and final revised budgets for the General Fund and the Building Fund are presented as supplementary information.

Stores Inventory

Inventories in the General and Cafeteria Funds are valued at average cost. Inventory recorded in the General and Cafeteria Funds consists mainly of school supplies and consumable supplies. Inventories are recorded as an expenditure at the time the individual inventory items are transferred from the warehouse to schools and offices.

Cafeteria Food Purchases

Cafeteria purchases include food purchased through the State of California Office of Surplus Property, for which the District is required to pay only a handling charge. The state does not require the Cafeteria Fund to record the fair market value of these commodities. The expenditures for these items would have been greater had the District paid fair market value for the government surplus food commodities.

Capital Assets

Capital assets purchased or acquired, with an original cost of \$5,000 or more, are recorded at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 4 - 30 years depending on asset types.

Compensated Absences

Compensated absences totaling \$3,200,316 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave

Sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as a operating expenditure or expense in the period taken since 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 for certain STRS and CalPERS employees, when the employee retires.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Revenue

Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as deferred revenue until earned.

Restricted Net Assets

Restrictions of the ending net assets indicate the portions of net assets not appropriable for expenditure or amounts legally segregated for a specific future use. The restrictions for revolving cash fund, prepaid expenses and stores inventory reflect the portions of net assets represented by revolving cash fund, prepaid expenses and stores inventory, respectively. These amounts are not available for appropriation and expenditure at the balance sheet date. The restriction for unspent categorical program revenues are state programs where the revenue received is restricted for expenditures only in that particular program. The restriction for the future payment of self-insurance claims represents the portion of net assets to be used for future payment of self-insured claims. The restriction for special revenues represents the portion of net assets restricted for special purposes. The restriction for debt service repayments represents the portion of net assets which the District plans to expend on debt repayment. The restriction for capital projects represents the portion of net assets restricted for capital projects. The restriction for retiree benefits represents the portion of net assets which will be used for payment of health insurance premiums for current and future retirees.

Property Taxes

Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Contra Costa bills and collects taxes for the District.

Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

Eliminations and Reclassifications

In the process of aggregating data for the Statement of Net Assets and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

2. CASH AND INVESTMENTS

Cash and investments at June 30, 2008 consisted of the following:

	<u>Governmental Activities</u>			<u>Fiduciary Activities</u>
	<u>Governmental Funds</u>	<u>Proprietary Fund</u>	<u>Total</u>	
Pooled Funds:				
Cash in County Treasury	\$ 131,756,650	\$ 993,521	\$ 132,750,171	\$ 4,299,421
Cash awaiting deposit	1,300		1,300	
Deposits:				
Cash on hand and in banks	104,106		104,106	
Cash in revolving fund	<u>70,000</u>		<u>70,000</u>	
Total pooled funds and deposits	<u>131,932,056</u>	<u>993,521</u>	<u>132,925,577</u>	<u>4,299,421</u>
Investments:				
Cash with Fiscal Agent	13,761,962	20,000	13,781,962	
Investments - Local Agency Investment Fund	<u>41,116,379</u>		<u>41,116,379</u>	<u>6,866,552</u>
Total investments	<u>54,878,341</u>	<u>20,000</u>	<u>54,898,341</u>	<u>6,866,552</u>
Total	<u>\$186,810,397</u>	<u>\$ 1,013,521</u>	<u>\$187,823,918</u>	<u>\$ 11,165,973</u>

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the Contra Costa County Treasury. The County pools these funds with those of school districts in the County and invests the cash. These pooled funds are carried at cost which approximates fair value. Interest earned is deposited quarterly into participating funds. Any investment losses are proportionately shared by all funds in the pool. Earnings are calculated on an annual basis and funds allocated to participating funds are adjusted to the calculated annual rate at year-end.

Because the District's deposits are maintained in a recognized pooled investment fund under the care of a third party and the District's share of the pooled investment fund does not consist of specific, identifiable investment securities owned by the District, no disclosure of the individual deposits and investments or related custodial credit risk classifications is required.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH AND INVESTMENTS (Continued)

Pooled Funds (Continued)

In accordance with applicable state laws, the Contra Costa County Treasurer may invest in derivative securities. However, at June 30, 2008, the Contra Costa County Treasurer has represented that the Treasurer's pooled investment fund contained no derivatives or other investments with similar risk profiles.

Deposits - Custodial Credit Risk

Cash balances held in banks and revolving funds are insured up to \$100,000 by the Federal Depository Insurance Corporation (FDIC). As of June 30, 2008, the carrying amount of the District's accounts were \$174,106, and the bank balances were \$169,145. All of the bank balances were insured by the FDIC insurance.

Cash with 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 Corporation Debt Service, Debt Service and Self-Insurance Funds represents amounts held by third parties in the District's name.

Local Agency Investment Fund

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 BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH AND INVESTMENTS (Continued)

Interest Rate Risk

The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2008, the District had no significant interest rate risk related to cash and investments held.

Credit Risk

The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2008, the District had no concentration of credit risk.

3. INTERFUND TRANSACTIONS

Interfund Activity

Transactions between funds of the District are recorded as interfund transfers, except for the Self-Insurance Fund activity which is recorded as income and expenditures of the Self-Insurance Fund and the funds which incur payroll costs, respectively. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables

Individual interfund receivable and payable balances at June 30, 2008 were as follows:

<u>Fund</u>	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Major Fund:		
General Fund		\$ 1,751,608
Non-Major Funds:		
Cafeteria		1,850,000
Capital Facilities	\$ 1,850,000	
Debt Service	<u>1,751,608</u>	
Totals	<u>\$ 3,601,608</u>	<u>\$ 3,601,608</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

3. INTERFUND TRANSACTIONS (Continued)

Interfund Transfers

Interfund transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Interfund transfers for the 2007-2008 fiscal year were as follows:

Transfer from the General Fund to the Corporation Debt Service Fund for COP payment.	\$ 1,040,066
Transfer from the General Fund to the Debt Service Fund for state loan repayment.	1,171,271
Transfer from the General Fund to the Deferred Maintenance Fund for the required match.	1,339,820
Transfer from the Special Reserve for Other Than Capital Outlay Projects Fund to the General Fund for payment of Bi-Tech Human Resources and Financial Services.	300,000
Transfer from the Special Reserve for Capital Outlay Projects Fund to the Debt Service Fund to transfer the proceeds from the sale of property.	12,093
Transfer from the Building Fund to the General Fund for contribution to the routine restricted maintenance fund.	1,200,000
Transfer from the Building Fund to the General Fund for contribution to the routine restricted maintenance fund to provide the funds necessary to make the District's matching contribution to the Deferred Maintenance Fund.	<u>1,339,820</u>
	<u>\$ 6,403,070</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

4. CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2008 is shown below:

	Balance July 1, 2007	Transfers and Additions	Transfers and Deductions	Balance June 30, 2008
<u>Governmental Activities</u>				
Land	\$ 52,352,775	\$ 18,516		\$ 52,371,291
Buildings	462,479,198	102,664,116		565,143,314
Site improvements	48,154,355	1,119,733		49,274,088
Equipment	11,646,023	968,671	\$ 380,619	12,234,075
Work-in-process	<u>187,027,182</u>	<u>138,358,367</u>	<u>103,612,724</u>	<u>221,772,825</u>
Totals, at cost	<u>761,659,533</u>	<u>243,129,403</u>	<u>103,993,343</u>	<u>900,795,593</u>
Less accumulated depreciation:				
Buildings	(159,333,815)	(14,834,786)		(174,168,601)
Site improvements	(37,578,695)	(2,284,599)		(39,863,294)
Equipment	<u>(5,044,212)</u>	<u>(893,993)</u>	<u>(344,976)</u>	<u>(5,593,229)</u>
Total accumulated depreciation	<u>(201,956,722)</u>	<u>(18,013,378)</u>	<u>(344,976)</u>	<u>(219,625,124)</u>
Capital assets, net	<u>\$ 559,702,811</u>	<u>\$ 225,116,025</u>	<u>\$ 103,648,367</u>	<u>\$ 681,170,469</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 16,611,895
Supervision of instruction	49,885
Instructional library, media and technology	23,691
School site administration	240,663
Food services	438,297
All other pupil services	2,861
Data processing	413,523
All other general administration	31,826
Plant services	<u>200,737</u>
Total depreciation expense	<u>\$ 18,013,378</u>

5. SELF-INSURANCE CLAIMS

The District is self-insured for property and liability claims. For accounting and reporting purposes, the District has established a separate Self-Insurance Fund for the payment of claims. For the year ended June 30, 2008, the District provides coverage up to a maximum of \$100,000 for each property or liability claim. The District participates in a joint powers authority for claims in excess of coverage provided by the Fund (Note 10).

The liability for unpaid claims and claim adjustment expenses represents the ultimate cost of claims that have been reported but not settled and of claims that have been incurred but not reported. These claims will be paid in future years.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

5. SELF-INSURANCE CLAIMS (Continued)

District management recomputes the liability annually using available updated claims data. Every three years, the District contracts with an actuary who performs an actuarial study using a variety of statistical techniques to produce current estimates that consider claim frequency and other economic factors.

The liabilities for unpaid claims and claim adjustment expenses are as follows:

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Unpaid claim and claim adjustment expenses, beginning of year	\$ 500,000	\$ 500,000
Total incurred claims and claim adjustment expenses	1,469,439	895,143
Total payments	<u>(1,469,439)</u>	<u>(895,143)</u>
Total unpaid claims and claim adjustment expenses at end of year	<u>\$ 500,000</u>	<u>\$ 500,000</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES

General Obligation Bonds

Bond	Interest Rate %	Date of Issuance	Maturity Date	Amount of Original Issuance	Outstanding July 1, 2007	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2008
Measure E, Refunding Series A	4.15% - 5.7%	2001	2025	\$ 28,610,000	\$ 23,520,000		\$ 915,000	\$ 22,605,000
Measure E, Refunding Series B	4.3% - 6.0%	2001	2024	10,255,000	8,530,000		305,000	8,225,000
Measure M, Series A	5.0% - 8.0%	2001	2031	15,000,000	13,880,000		315,000	13,565,000
Measure M, Series B	4.0% - 6.0%	2002	2031	40,000,000	37,825,000		800,000	37,025,000
Measure M, Series C	2.5% - 5.0%	2003	2032	95,000,000	91,105,000		2,065,000	89,040,000
Measure D, Series A	4.25% - 7.0%	2002	2031	30,000,000	28,295,000		625,000	27,670,000
Measure D, Series B	4.1% - 5.0%	2003	2032	100,000,000	94,005,000		2,120,000	91,885,000
Measure D, Series C, Current Interest	4.0% - 5.0%	2004	2034	40,000,000	39,355,000		675,000	38,680,000
Measure D, Series C Capital Appreciation	2.4% - 5.8%	2004	2034	29,999,377	29,990,411		139,973	29,850,438
Measure D, Series D, Capital Appreciation	3.15% - 5.05%	2006	2034	99,998,106	99,998,106		962,117	99,035,989
Measure J, Series A	4.0% - 5.0%	2006	2035	70,000,000	70,000,000		565,000	69,435,000
				<u>\$ 558,862,483</u>	<u>\$ 536,503,517</u>	<u>\$ -</u>	<u>\$ 9,487,090</u>	<u>\$ 527,016,427</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

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, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 955,000	\$ 1,208,702	\$ 2,163,702
2010	1,005,000	1,164,687	2,169,687
2011	1,040,000	1,116,998	2,156,998
2012	1,110,000	1,066,349	2,176,349
2013	1,160,000	1,011,442	2,171,442
2014-2018	6,830,000	4,094,330	10,924,330
2019-2023	9,010,000	2,010,138	11,020,138
2024-2028	<u>1,495,000</u>	<u>130,381</u>	<u>1,625,381</u>
	<u>\$ 22,605,000</u>	<u>\$ 11,803,027</u>	<u>\$ 34,408,027</u>

The annual requirements to amortize the 2001 Refunding Measure E, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 330,000	\$ 471,148	\$ 801,148
2010	345,000	455,326	800,326
2011	360,000	438,110	798,110
2012	380,000	419,768	799,768
2013	395,000	399,843	794,843
2014-2018	2,380,000	1,641,891	4,021,891
2019-2023	3,220,000	840,450	4,060,450
2024-2028	<u>815,000</u>	<u>48,900</u>	<u>863,900</u>
	<u>\$ 8,225,000</u>	<u>\$ 4,715,436</u>	<u>\$ 12,940,436</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2001 Measure M, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 330,000	\$ 688,888	\$ 1,018,888
2010	345,000	663,828	1,008,828
2011	360,000	642,968	1,002,968
2012	370,000	624,718	994,718
2013	385,000	605,843	990,843
2014-2028	2,180,000	2,718,090	4,898,090
2019-2023	2,710,000	2,105,901	4,815,901
2024-2028	3,440,000	1,336,428	4,776,428
2029-2033	<u>3,445,000</u>	<u>364,514</u>	<u>3,809,514</u>
	<u>\$ 13,565,000</u>	<u>\$ 9,751,178</u>	<u>\$ 23,316,178</u>

The annual requirements to amortize the 2001 Measure M, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 840,000	\$ 1,758,300	\$ 2,598,300
2010	885,000	1,718,550	2,603,550
2011	925,000	1,682,350	2,607,350
2012	965,000	1,744,550	2,709,550
2013	1,005,000	1,705,150	2,710,150
2014-2018	5,800,000	7,309,509	13,109,509
2019-2023	7,405,000	5,756,188	13,161,188
2024-2028	9,560,000	3,654,500	13,214,500
2029-2033	<u>9,640,000</u>	<u>995,250</u>	<u>10,635,250</u>
	<u>\$ 37,025,000</u>	<u>\$ 26,324,347</u>	<u>\$ 63,349,347</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2003 Measure M, Series C, General Obligation Bonds Payable, outstanding as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 2,145,000	\$ 4,246,713	\$ 6,391,713
2010	2,230,000	4,167,150	6,397,150
2011	2,320,000	4,073,362	6,393,362
2012	2,415,000	3,978,662	6,393,662
2013	2,490,000	3,880,562	6,370,562
2014-2018	13,805,000	17,740,650	31,545,650
2019-2023	16,735,000	13,922,368	30,657,368
2024-2028	20,740,000	9,226,250	29,966,250
2029-2033	<u>26,160,000</u>	<u>3,393,250</u>	<u>29,553,250</u>
	<u>\$ 89,040,000</u>	<u>\$ 64,628,967</u>	<u>\$ 153,668,967</u>

The annual requirements to amortize the 2002 Measure D, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 655,000	\$ 1,325,695	\$ 1,980,695
2010	690,000	1,288,107	1,978,107
2011	725,000	1,258,038	1,983,038
2012	750,000	1,226,695	1,976,695
2013	780,000	1,194,183	1,974,183
2014-2018	4,415,000	5,426,331	9,841,331
2019-2023	5,525,000	4,249,375	9,774,375
2024-2028	7,060,000	2,685,000	9,745,000
2029-2033	<u>7,070,000</u>	<u>729,500</u>	<u>7,799,500</u>
	<u>\$ 27,670,000</u>	<u>\$ 19,382,924</u>	<u>\$ 47,052,924</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2003 Measure D, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 2,195,000	\$ 4,363,958	\$ 6,558,958
2010	2,270,000	4,266,240	6,536,240
2011	2,360,000	4,159,116	6,519,116
2012	2,455,000	4,041,691	6,496,691
2013	2,555,000	3,929,216	6,484,216
2014-2018	14,225,000	17,988,501	32,213,501
2019-2023	17,335,000	14,360,625	31,695,625
2024-2028	21,505,000	9,530,625	31,035,625
2029-2033	<u>26,985,000</u>	<u>3,498,875</u>	<u>30,483,875</u>
	<u>\$ 91,885,000</u>	<u>\$ 66,138,847</u>	<u>\$158,023,847</u>

The annual requirements to amortize the 2005 Measure D, Series C, Current Interest General Obligation Bonds Payable, outstanding as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 710,000	\$ 1,841,398	\$ 2,551,398
2010	745,000	1,812,298	2,557,298
2011	780,000	1,781,798	2,561,798
2012	820,000	1,749,798	2,569,798
2013	860,000	1,716,198	2,576,198
2014-2018	4,965,000	8,005,067	12,970,067
2019-2023	6,265,000	6,783,551	13,048,551
2024-2028	8,070,000	4,931,850	13,001,850
2029-2033	10,455,000	2,613,625	13,068,625
2034-2038	<u>5,010,000</u>	<u>253,750</u>	<u>5,263,750</u>
	<u>\$ 38,680,000</u>	<u>\$ 31,489,333</u>	<u>\$ 70,169,333</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2005 Measure D, Series C, Capital Appreciation General Obligation Bonds Payable, outstanding as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 260,861	\$ 64,139	\$ 325,000
2010	372,121	117,879	490,000
2011	470,644	184,356	655,000
2012	567,683	267,317	835,000
2013	656,115	363,885	1,020,000
2014-2018	4,117,155	3,472,845	7,590,000
2019-2023	5,182,913	7,527,087	12,710,000
2024-2028	6,789,919	15,005,081	21,795,000
2029-2033	7,510,191	24,299,809	31,810,000
2034-2038	<u>3,922,836</u>	<u>16,127,164</u>	<u>20,050,000</u>
	<u>\$ 29,850,438</u>	<u>\$ 67,429,562</u>	<u>\$ 97,280,000</u>

The annual requirements to amortize the 2006 Measure D, Series D, Capital Appreciation General Obligation Bonds Payable, outstanding as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,110,335	\$ 459,665	\$ 1,570,000
2010	1,254,996	610,004	1,865,000
2011	1,420,186	814,814	2,235,000
2012	2,105,460	519,540	2,625,000
2013	2,327,598	717,402	3,045,000
2014-2018	15,024,043	8,275,957	23,300,000
2019-2023	19,584,694	19,805,306	39,390,000
2024-2028	20,998,966	34,586,034	55,585,000
2029-2033	23,600,021	57,309,979	80,910,000
2034-2038	<u>11,609,690</u>	<u>35,925,310</u>	<u>47,535,000</u>
	<u>\$ 99,035,989</u>	<u>\$159,024,011</u>	<u>\$258,060,000</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds (Continued)

The annual requirements to amortize the 2006 Measure J, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2008, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,265,000	\$ 3,259,902	\$ 4,524,902
2010	1,340,000	3,207,802	4,547,802
2011	1,415,000	3,152,702	4,567,702
2012	1,485,000	3,094,702	4,579,702
2013	1,560,000	3,033,802	4,593,802
2014-2018	8,890,000	14,142,106	23,032,106
2019-2023	10,900,000	12,001,547	22,901,547
2024-2028	13,530,000	9,013,000	22,543,000
2029-2033	16,910,000	5,225,000	22,135,000
2034-2038	<u>12,140,000</u>	<u>928,750</u>	<u>13,068,750</u>
	<u>\$ 69,435,000</u>	<u>\$ 57,059,313</u>	<u>\$ 126,494,313</u>

Certificates of Participation (COPs)

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%.

Scheduled payments for the COPs are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 285,000	\$ 502,360	\$ 787,360
2010	435,000	489,278	924,278
2011	455,000	469,008	924,008
2012	475,000	447,576	922,576
2013	500,000	424,966	924,966
2014-2018	2,905,000	1,731,406	4,636,406
2019-2023	3,715,000	923,720	4,638,720
2024-2028	<u>1,295,000</u>	<u>66,692</u>	<u>1,361,692</u>
	<u>\$ 10,065,000</u>	<u>\$ 5,055,006</u>	<u>\$ 15,120,006</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

Emergency Apportionment Loan

In July 1990, the District obtained an emergency apportionment loan from the State of California in the amount of \$9,525,000. In May 1991, the District received an additional loan from the State of California for \$19,000,000 under the conditions of a court order. The State of California agreed to restructure the repayment of these loans on June 30, 1993. The restructure provided for the consolidation of the two loans and a 15 year repayment period with annual interest rate of 4.543%. On October 13, 1997, the State of California agreed to restructure the remaining debt following the District's fiscal year 1997-98 payment. The outstanding balance is to be repaid using the straight line amortization method over a 20 year term and bearing interest at 5.692%. Additional legislation, Assembly Bill 2756 on June 21, 2004, reduced the interest rate of the repayment of the emergency apportionment thereby reducing annual payments by approximately \$400,000. Payments are made on February 1 of each year from any available funds of the District and are calculated using a future interest rate of 1.532%.

The revised future principal and interest payments of the loan are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 1,221,093	\$ 200,509	\$ 1,421,602
2010	1,239,800	181,802	1,421,602
2011	1,258,794	162,808	1,421,602
2012	1,278,078	143,524	1,421,602
2013	1,297,658	123,944	1,421,602
2014-2018	<u>6,792,651</u>	<u>315,354</u>	<u>7,108,005</u>
	<u>\$ 13,088,074</u>	<u>\$ 1,127,941</u>	<u>\$ 14,216,015</u>

Voluntary Integration Plan

The Voluntary Integration Program debt represents cost disallowances of \$7,652,000 based on state audits of program expenditures in fiscal years 1988-89 and 1989-90. Subsequently, the District entered into an agreement with the State of California to repay this amount beginning in June 1993. During fiscal year 1992-93, the original agreement was restructured to allow the District to make the June 30, 1992, payment of \$200,000 as scheduled, with the remaining balance scheduled to be repaid beginning in 1998. Repayment of the voluntary integration debt is shown as follows:

<u>Year Ending June 30,</u>	<u>Total Payments</u>
2009	\$ 790,000
2010	1,000,000
2011	1,000,000
2012	<u>872,000</u>
Total payments	<u>\$ 3,662,000</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

Computer Equipment Acquisition Loan

During fiscal year 1989-90, the District financed the acquisition of an administrative and instructional computer system with a loan from IBM. The acquired assets collateralized the loans. Subsequent to June 30, 1993, the District restructured the debt to allow for one payment during fiscal year 1993-94 and the remaining payments of \$3,623,744, represented by \$2,459,111 of principal and \$1,164,633 of interest, payable in fiscal years 2007-08 through 2015-16. The Pooled Money investment rate of 4.402% as of June 30, 1994, was used to impute the interest costs implicit in the repayment amounts. For the year ended June 30, 2008, the accrued imputed interest is \$197,857. Therefore, the carrying amount of the loan at June 30, 2008 is \$4,692,566.

<u>Year Ending June 30,</u>	<u>Total Payments</u>
2009	\$ 625,000
2010	625,000
2011	625,000
2012	625,000
2013	625,000
2014	625,000
2015	625,000
2016	<u>625,000</u>
	5,000,000
Less amount representing interest	<u>(307,434)</u>
Total payments	<u>\$ 4,692,566</u>

Child Care Facilities Loan

On February 7, 2001, the District received a no-interest loan from the California Department of Education for the development and acquisition of child care facilities. The District received an initial amount of \$573,048 with the District repaying \$33,000 of the loan. In 2002-03, the District received an additional \$598,060. The carrying balance of the loan as of June 30, 2008 is \$418,919. The loan balance is to be repaid in ten annual installments.

The following is a schedule of loan repayments:

<u>Year Ending June 30,</u>	<u>Total Payments</u>
2009	\$ 97,524
2010	97,524
2011	97,524
2012	<u>126,347</u>
Total payments	<u>\$ 418,919</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. LONG-TERM LIABILITIES (Continued)

Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2008 is shown below:

	Balance July 1, 2007	Additions	Deductions	Balance June 30, 2008	Amounts Due Within One Year
Governmental activities:					
General Obligation Bonds	\$ 536,503,517		\$ 9,487,090	\$ 527,016,427	\$ 10,796,196
Accreted interest *	9,504,043	\$ 11,961,909		21,465,952	
Certificates of Participation	10,340,000		275,000	10,065,000	285,000
Emergency Apportionment Loan	14,290,742		1,202,668	13,088,074	1,221,093
Voluntary Integration Plan	4,452,000		790,000	3,662,000	790,000
Computer equipment acquisition loan	4,494,709	197,857		4,692,566	625,000
Child care facilities loan	516,443		97,524	418,919	97,524
OPEB Obligation		24,469,980		24,469,980	
Compensated absences	3,517,902		317,586	3,200,316	3,200,316
Total	<u>\$ 583,619,356</u>	<u>\$ 36,629,746</u>	<u>\$ 12,169,868</u>	<u>\$ 608,079,234</u>	<u>\$ 17,015,129</u>

* The accreted interest amounts are included in the future interest payments reflected on pages 39-45.

Payments on the General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the Certificates of Participation are made from the Corporation Debt Service Fund. Payments on the Emergency Apportionment Loan are made from the Debt Service Fund. Payments on the Voluntary Integration Plan are made from the General Fund. Payments on the child care facilities acquisition loan are made from the Child Development Fund. Payments on compensated absences are made from the fund for which the related employee worked.

7. RESTRICTED NET ASSETS

Restricted net assets consisted of the following at June 30, 2008:

	Governmental Activities	Fiduciary Funds
Restricted for revolving cash	\$ 70,000	
Restricted for prepaid expenses	2,077,479	
Restricted for stores inventory	640,311	
Restricted for unspent categorical program revenues	24,272,690	
Restricted for future payment of self-insured claims	1,429,025	
Restricted for special revenues	9,424,352	
Restricted for debt service	25,893,539	
Restricted for capital projects	56,258,980	
Restricted for retiree benefits		\$ 9,564,288
Total restricted net assets	<u>\$120,066,376</u>	<u>\$ 9,564,288</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

8. EMPLOYEE RETIREMENT SYSTEMS

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

Plan Description and Provisions

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 Law. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, California 95814.

Funding Policy

Active plan members are required to contribute 7% of their salary and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2007-2008 was 9.306% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to CalPERS for the fiscal years ending June 30, 2006, 2007 and 2008 were \$3,069,566, \$3,258,705 and \$3,738,408, respectively, and equal 100% of the required contributions for each year.

State Teachers' Retirement System (STRS)

Plan Description

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

8. EMPLOYEE RETIREMENT SYSTEMS

Plan Description and Provisions (Continued)

State Teachers' Retirement System (STRS) (Continued)

Funding Policy

Active plan members are required to contribute 8% of their salary. The required employer contribution rate for fiscal year 2007-2008 was 8.25% of annual payroll. The contribution requirements of the plan members are established by state statute. The District's contributions to STRS for the fiscal years ending June 30, 2006, 2007 and 2008 were \$8,401,418, \$9,146,343 and \$9,928,367, respectively, and equal 100% of the required contributions for each year.

9. OTHER POST-EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 8, the District provides post-employment health benefits to all employees (1) hired prior to December 31, 2006 and who have attained five continuous years of service with the District (as defined by PERS/STRS); (2) are hired after January 1, 2007 and have attained ten continuous years of service with the District (as defined by PERS/STRS). Dental benefits are provided to employees who meet the rule of "75" (number of years worked plus age equals 75 or more) to qualify for post employment dental benefits. As of June 30, 2008, a total of 2,114 retirees met the health care benefit requirement.

The District offers retirees a choice of two health maintenance organizations (HMO's) for health benefits and a supplemental Medicare Part A Plan; dental benefits are offered through one insurer. The District pays 100% for the monthly HMO up to the cost of the CalPERS Northern California Blue Shield health plan and 100% dental for eligible employees and their spouses who retired prior to January 1, 2007. Employees who retire after January 1, 2007 are covered by the terms of their bargaining union that are in effect at their retirement date. All eligible retirees and their spouses who qualify for Medicare benefits must apply for and pay for the Part B premium as required by law. Expenditures for post-employment health care benefits are recognized when paid.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation:

Annual required contribution	\$ 38,986,982
Interest on net OPEB obligation	-
Adjustment to annual required contribution	<u>-</u>
Annual OPEB cost	38,986,982
Contributions made	<u>14,517,002</u>
Increase in net OPEB obligation	24,469,980
Net OPEB obligation - beginning of year	<u>-</u>
Net OPEB obligation - end of year	<u><u>\$ 24,469,980</u></u>

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2008 was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2008	\$ 38,986,982	37.23%	\$ 24,469,980

Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the plan was 1.7 percent funded. The actuarial liability for benefits was \$495,877,303 and the actuarial value of assets was zero, resulting in a unfunded actuarial accrued liability (UAAL) of \$495,877,303. However, the District has set aside \$9,564,288 in the Retiree Benefits Trust Fund for future payment of these benefits.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Funded Status and Funding Progress (Continued)

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2007 actuarial valuation, the entry age normal cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan on the valuation date, and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after 10 years. Both rates included a 3.25 percent inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2008, was 29 years.

10. JOINT POWERS AGREEMENTS

Contra Costa County Schools Insurance Group

The District is a member with other school districts of a Joint Powers Authority, Contra Costa County Schools Insurance Group (CCCSIG), for the operation of a common risk management and insurance program for workers' compensation coverage. The following is a summary of financial information for CCCSIG at June 30, 2008:

Total assets	\$ 86,398,920
Total liabilities	\$ 70,146,611
Total net assets	\$ 16,252,309
Total revenues	\$ 31,170,705
Total expenses	\$ 17,367,825
Change in net assets	\$ 13,802,880

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

10. JOINT POWERS AGREEMENTS

Northern California Regional Liability Excess Fund (Nor Cal Relief)

The District is a member with other agencies of a Joint Powers Authority, Northern California Regional Liability Excess Fund (Nor Cal Relief), for the operation of a common risk management and insurance program for property and liability coverage. The following is a summary of financial information for Nor Cal Relief at June 30, 2008:

Total assets	\$ 42,279,966
Total liabilities	\$ 35,209,485
Total net assets	\$ 7,070,481
Total revenues	\$ 40,376,865
Total expenses	\$ 38,450,808
Change in net assets	\$ 1,926,057

The relationship between the District and the Joint Powers Authorities is such that the Joint Powers Authorities are not component units of the District for financial reporting purposes.

11. CONTINGENCIES

The District is subject to legal proceedings and claims which arise in ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

The District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the District's financial position.

12. SUBSEQUENT EVENT

On July 1, 2008, the District issued General Obligation Bonds, Election 2005, Series B, totaling \$120,000,000. The Board of Supervisors of Contra Costa County is empowered and obligated to annually levy ad valorem taxes, without limitation as to rate or amount, upon all property subject to taxation within the District for the payment of interest, principal and premium, if any. The bonds bear interest at rates ranging from 5.00% to 6.00% and are scheduled to mature in August 2028.

SUPPLEMENTARY INFORMATION

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL

MAJOR FUND - GENERAL FUND

For the Year Ended June 30, 2008

	<u>Budget</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:				
Revenue limit sources:				
State apportionment	\$ 105,733,295	\$ 97,626,210	\$ 99,648,215	\$ 2,022,005
Local sources	<u>61,699,470</u>	<u>69,175,645</u>	<u>67,169,592</u>	<u>(2,006,053)</u>
Total revenue limit	<u>167,432,765</u>	<u>166,801,855</u>	<u>166,817,807</u>	<u>15,952</u>
Federal sources	24,347,195	31,595,544	25,621,521	(5,974,023)
Other state sources	66,541,577	75,948,179	71,167,149	(4,781,030)
Other local sources	<u>19,531,245</u>	<u>21,653,990</u>	<u>21,327,703</u>	<u>(326,287)</u>
Total revenues	<u>277,852,782</u>	<u>295,999,568</u>	<u>284,934,180</u>	<u>(11,065,388)</u>
Expenditures:				
Certificated salaries	115,645,258	126,796,147	121,060,184	5,735,963
Classified salaries	40,330,721	44,896,436	44,592,168	304,268
Employee benefits	68,686,736	69,378,067	66,089,445	3,288,622
Books and supplies	12,334,607	21,394,752	12,340,626	9,054,126
Contract services and operating expenditures	37,380,806	49,256,193	41,425,355	7,830,838
Capital outlay	634,278	4,099,685	889,702	3,209,983
Other outgo	60,000	52,000	51,834	166
Indirect cash reimbursement	(802,241)	(802,241)	(802,241)	
Debt service:				
Principal retirement	300,000	300,000	790,000	(490,000)
Interest	<u>197,857</u>	<u>197,857</u>		<u>197,857</u>
Total expenditures	<u>274,768,022</u>	<u>315,568,896</u>	<u>286,437,073</u>	<u>29,131,823</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,084,760</u>	<u>(19,569,328)</u>	<u>(1,502,893)</u>	<u>18,066,435</u>
Other financing sources (uses):				
Operating transfers in	3,841,462	3,841,156	2,839,820	(1,001,336)
Operating transfers out	<u>(2,974,812)</u>	<u>(3,883,833)</u>	<u>(3,551,157)</u>	<u>332,676</u>
Total other financing sources (uses)	<u>866,650</u>	<u>(42,677)</u>	<u>(711,337)</u>	<u>(668,660)</u>
Net change in fund balance	3,951,410	(19,612,005)	(2,214,230)	17,397,775
Fund balance, July 1, 2007	<u>48,053,996</u>	<u>48,053,996</u>	<u>48,053,996</u>	
Fund balance, June 30, 2008	<u>\$ 52,005,406</u>	<u>\$ 28,441,991</u>	<u>\$ 45,839,766</u>	<u>\$ 17,397,775</u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET (NON-GAAP) AND ACTUAL
MAJOR FUND - BUILDING FUND
For the Year Ended June 30, 2008

	<u>Budget</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Revenues:				
Other local sources	\$ 5,415,000	\$ 6,005,809	\$ 5,764,674	\$ (241,135)
Expenditures:				
Classified salaries	765,886	1,006,789	867,437	139,352
Employee benefits	329,755	408,748	326,728	82,020
Books and supplies		3,063,749	2,180,367	883,382
Contract services and operating expenditures	1,031,575	4,525,942	3,511,475	1,014,467
Capital outlay	<u>169,258,815</u>	<u>162,929,534</u>	<u>121,366,873</u>	<u>41,562,661</u>
Total expenditures	<u>171,386,031</u>	<u>171,934,762</u>	<u>128,252,880</u>	<u>43,681,882</u>
Deficiency of revenues under expenditures	(165,971,031)	(165,928,953)	(122,488,206)	43,440,747
Other financing uses:				
Operating transfers out	<u>(15,994,011)</u>	<u>(2,539,820)</u>	<u>(2,539,820)</u>	
Net change in fund balance	(181,965,042)	(168,468,773)	(125,028,026)	43,440,747
Fund balance, July 1, 2007	<u>191,878,162</u>	<u>191,878,162</u>	<u>191,878,162</u>	
Fund balance, June 30, 2008	<u>\$ 9,913,120</u>	<u>\$ 23,409,389</u>	<u>\$ 66,850,136</u>	<u>\$ 43,440,747</u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

June 30, 2008

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve for Other Than Capital Outlay Projects Fund	Subtotal
ASSETS						
Cash in County Treasury	\$ 2,016,654	\$ 324,904	\$ 62,887	\$ 4,983,914	\$ 289,090	\$ 7,677,449
Cash on hand and in banks	19,025		13,582			32,607
Cash with Fiscal Agent						
Cash awaiting deposit			1,300			1,300
Investments	1,699,879				2,002	1,701,881
Accounts receivable	504,344	15,327	2,718,867	22,601	710	3,261,849
Due from other funds						
Stores inventory			410,272			410,272
Total assets	<u>\$ 4,239,902</u>	<u>\$ 340,231</u>	<u>\$ 3,206,908</u>	<u>\$ 5,006,515</u>	<u>\$ 291,802</u>	<u>\$ 13,085,358</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 297,858	\$ 121,158	\$ 294,925	\$ 481,927		\$ 1,195,868
Deferred revenue	204,866					204,866
Due to other funds			1,850,000			1,850,000
Total liabilities	502,724	121,158	2,144,925	481,927		3,250,734
Fund balances	<u>3,737,178</u>	<u>219,073</u>	<u>1,061,983</u>	<u>4,524,588</u>	<u>291,802</u>	<u>9,834,624</u>
Total liabilities and fund balances	<u>\$ 4,239,902</u>	<u>\$ 340,231</u>	<u>\$ 3,206,908</u>	<u>\$ 5,006,515</u>	<u>\$ 291,802</u>	<u>\$ 13,085,358</u>

(Continued)

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

(Continued)
June 30, 2008

	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Corporation Debt Service Fund	Debt Service Fund	Total
ASSETS							
Cash in County Treasury	\$ 3,037,617	\$ 6,442,437	\$ 5,041,839	\$ 20,321,654		\$ 3,703,933	\$ 46,224,929
Cash on hand and in banks	465,882						32,607
Cash with Fiscal Agent					\$ 1,289,459		1,755,341
Cash awaiting deposit							1,300
Investments	1,111,617	14,062	22,346	62,007		4,676,324	7,489,822
Accounts receivable	56,005					54,337	3,470,606
Due from other funds	1,850,000					1,751,608	3,601,608
Stores inventory							410,272
Total assets	<u>\$ 6,521,121</u>	<u>\$ 6,456,499</u>	<u>\$ 5,064,185</u>	<u>\$ 20,383,661</u>	<u>\$ 1,289,459</u>	<u>\$ 10,186,202</u>	<u>\$ 62,986,485</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	\$ 1,611,523	\$ 31,111					\$ 2,838,502
Deferred revenue		2,792,796					2,997,662
Due to other funds							1,850,000
Total liabilities	1,611,523	2,823,907					7,686,164
Fund balances	<u>4,909,598</u>	<u>3,632,592</u>	<u>\$ 5,064,185</u>	<u>\$ 20,383,661</u>	<u>\$ 1,289,459</u>	<u>\$ 10,186,202</u>	<u>55,300,321</u>
Total liabilities and fund balances	<u>\$ 6,521,121</u>	<u>\$ 6,456,499</u>	<u>\$ 5,064,185</u>	<u>\$ 20,383,661</u>	<u>\$ 1,289,459</u>	<u>\$ 10,186,202</u>	<u>\$ 62,986,485</u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

ALL NON-MAJOR FUNDS

For the Year Ended June 30, 2008

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve for Other Than Capital Outlay Projects Fund	Subtotal
Revenues:						
Federal sources	\$ 348,607	\$ 305,990	\$ 8,555,850		\$	\$ 9,210,447
Other state sources	3,999,516	2,529,258	800,383	\$ 1,220,442		8,549,599
Other local sources	448,489	167,484	1,520,435	197,913	\$ 19,359	2,353,680
Total revenues	<u>4,796,612</u>	<u>3,002,732</u>	<u>10,876,668</u>	<u>1,418,355</u>	<u>19,359</u>	<u>20,113,726</u>
Expenditures:						
Certificated salaries	2,194,655	1,319,452				3,514,107
Classified salaries	813,715	825,640	4,103,779	466		5,743,600
Employee benefits	693,844	761,125	1,718,967	50		3,173,986
Books and supplies	165,614	60,525	4,542,689			4,768,828
Contract services and operating expenditures	331,225	91,152	297,138	630,155		1,349,670
Capital outlay		49,490	57,707	1,664,753		1,771,950
Indirect cash reimbursement	158,046	149,868	494,327			802,241
Debt service:						
Principal retirement		97,524				97,524
Interest						
Total expenditures	<u>4,357,099</u>	<u>3,354,776</u>	<u>11,214,607</u>	<u>2,295,424</u>		<u>21,221,906</u>
Excess (deficiency) of revenues over (under) expenditures					19,359	(1,108,180)
Other financing sources (uses):						
Operating transfers in				1,339,820	(300,000)	1,339,820
Operating transfers out					(300,000)	(300,000)
Total other financing sources (uses)						1,039,820
Net change in fund balances	439,513	(352,044)	(337,939)	462,751	(280,641)	(68,360)
Fund balances, July 1, 2007	<u>3,297,665</u>	<u>571,117</u>	<u>1,399,922</u>	<u>4,061,837</u>	<u>572,443</u>	<u>9,902,984</u>
Fund balances, June 30, 2008	<u>\$ 3,737,178</u>	<u>\$ 219,073</u>	<u>\$ 1,061,983</u>	<u>\$ 4,524,588</u>	<u>\$ 291,802</u>	<u>\$ 9,834,624</u>

(Continued)

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES

ALL NON-MAJOR FUNDS

(Continued)

For the Year Ended June 30, 2008

	Capital Facilities Fund	Special Reserve for Capital Outlay Projects Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Corporation Debt Service Fund	Debt Service Fund	Total
Revenues:							
Federal sources		\$ 156,172		\$ 320,699			\$ 9,210,447
Other state sources	\$ 2,373,524	2,923,242	\$ 192,995	29,224,806	\$ 30,823	\$ 419,080	9,026,470
Other local sources							37,518,150
Total revenues	<u>2,373,524</u>	<u>3,079,414</u>	<u>192,995</u>	<u>29,545,505</u>	<u>30,823</u>	<u>419,080</u>	<u>55,755,067</u>
Expenditures:							
Certificated salaries							3,514,107
Classified salaries							5,743,600
Employee benefits							3,173,986
Books and supplies	5,324		(17,716)				4,756,436
Contract services and operating expenditures							2,156,237
Capital outlay	712,524	94,043					9,587,103
Indirect cost reimbursement	7,476,257	338,896					802,241
Debt service:							
Principal retirement							
Interest							
Total expenditures	<u>8,194,105</u>	<u>432,939</u>	<u>(17,716)</u>	<u>29,424,658</u>	<u>789,735</u>	<u>1,421,602</u>	<u>61,467,229</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,820,581)</u>	<u>2,646,475</u>	<u>210,711</u>	<u>120,847</u>	<u>(758,912)</u>	<u>(1,002,522)</u>	<u>(5,712,162)</u>
Other financing sources (uses):							
Operating transfers in		(12,093)					3,563,250
Operating transfers out							(312,093)
Total other financing sources (uses)							3,251,157
Net change in fund balances	(5,820,581)	2,634,382	210,711	120,847	1,040,066	1,183,364	(2,461,005)
Fund balances, July 1, 2007	<u>10,730,179</u>	<u>998,210</u>	<u>4,853,474</u>	<u>20,262,814</u>	<u>1,008,305</u>	<u>10,005,360</u>	<u>57,761,326</u>
Fund balances, June 30, 2008	<u>4,909,598</u>	<u>\$ 3,632,592</u>	<u>\$ 5,064,185</u>	<u>\$ 20,383,661</u>	<u>\$ 1,289,459</u>	<u>\$ 10,186,202</u>	<u>\$ 55,300,321</u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

ORGANIZATION

June 30, 2008

West Contra Costa Unified School District became established as the Richmond Unified School District on July 1, 1965, and, with the passage of AB 535, 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 in the State of California. There were no changes in the boundaries of the District during the current year. The District is currently operating one special education pre-school, thirty seven elementary, one kindergarten through eight, six middle, one middle/high and five high schools. The District also maintains eight alternative high schools, an elementary community day school and a school for continuing adult education.

BOARD OF TRUSTEES

<u>Name</u>	<u>Office</u>	<u>Term Expires</u>
Ms. Karen Pfeifer	President	December 1, 2008
Ms. Madeline Kronenberg	Clerk	December 1, 2010
Mr. Charles Ramsey	Member	December 1, 2010
Mr. David Brown	Member	December 1, 2008
Ms. Audrey Miles	Member	December 1, 2010

ADMINISTRATION

Bruce Harter, Ph.D.
Superintendent of Schools

Alan DelSimone
Interim Assistant Superintendent for Student Support Services/Safety

Jeff Edmison
Associate Superintendent for Operations

Wendell Greer
Associate Superintendent, K-12

Sheri Gamba
Associate Superintendent for Business Services

Jessica Romeo
Assistant Superintendent for Human Resources

Nia Rashidchi
Assistant Superintendent of Educational Services

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF AVERAGE DAILY ATTENDANCE

For the Year Ended June 30, 2008

	<u>Second Period Report</u>	<u>Annual Report</u>
Elementary:		
Kindergarten	2,278	2,278
First through Third	6,839	6,825
Fourth through Eighth	9,887	9,904
Home and Hospital	3	4
Special Education	934	958
Non Public Schools	26	28
Community Day School	19	22
Opportunity Schools	<u>46</u>	<u>46</u>
Total Elementary	<u>20,032</u>	<u>20,065</u>
Secondary:		
Regular Classes	7,204	7,114
Special Education	515	501
Compulsory Continuation Education	351	347
Opportunity Schools	13	13
Home and Hospital	9	11
Non Public Schools	<u>54</u>	<u>57</u>
Total Secondary	<u>8,146</u>	<u>8,043</u>
Classes for Adults:		
Concurrently Enrolled	7	11
Classes for Adults	<u>1,303</u>	<u>1,364</u>
Total for Adults	<u>1,310</u>	<u>1,375</u>
	<u>29,488</u>	<u>29,483</u>
	<u>Hours of Attendance</u>	
Summer School:		
Elementary	221,651	222,748
Secondary	<u>121,088</u>	<u>121,088</u>
	<u>342,739</u>	<u>343,836</u>

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**SCHEDULE OF INSTRUCTIONAL TIME****For the Year Ended June 30, 2008**

<u>Grade Level</u>	<u>1986-87 Minutes Require- ment</u>	<u>1982-83 Actual Minutes</u>	<u>2007-08 Actual Minutes</u>	<u>Number of Days Traditional Calendar</u>	<u>Status</u>
Kindergarten	36,000	31,500	36,000	180	In Compliance
Grade 1	50,400	45,160	50,490	180	In Compliance
Grade 2	50,400	45,160	50,490	180	In Compliance
Grade 3	50,400	45,160	50,490	180	In Compliance
Grade 4	54,000	45,160	54,070	180	In Compliance
Grade 5	54,000	45,160	54,070	180	In Compliance
Grade 6	54,000	45,160	54,070	180	In Compliance
Grade 7	54,000	45,160	57,050	180	In Compliance
Grade 8	54,000	45,160	57,050	180	In Compliance
Grade 9	64,800	52,898	64,989	180	In Compliance
Grade 10	64,800	52,898	64,989	180	In Compliance
Grade 11	64,800	52,898	64,989	180	In Compliance
Grade 12	64,800	52,898	64,989	180	In Compliance

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
For the Year Ended June 30, 2008

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U. S. Department of Education</u>			
	Special Education Cluster:		
84.027	Special Education IDEA: Basic Local Assistance Entitlement, Part B, Sec. 611 (Formerly 94-142)	13379	\$ 5,633,334
84.027A	Special Education IDEA: Preschool Local Entitle- ment, Part B, Sec. 611 (Age 3-5)	13682	449,028
84.027A	Special Education IDEA: Local Staff Development Grants, Part B, Sec. 611	13613	5,172
84.027	Special Education - Alternative Dispute Resolution, Part B, Sec. 611	13007	15,000
84.027	Special Education IDEA: Quality Assurance & Focused Monitoring, Part B, Sec. 611	13693	56,974
84.173	Special Education IDEA: Preschool Grant, Part B, Sec 619 (Age 3-4-5)	13430	346,417
84.027	Special Education IDEA: Local Assistance Part B, Sec 611 Private School ISPs	10115	<u>40,969</u>
	Subtotal Special Education Cluster		<u>6,546,894</u>
84.010	NCLB: Title I, Part A, Basic Grants Low Income and Neglected	14329	9,301,407
84.010	NCLB: Title I, Comprehensive School Reform (SB IX Immediate Intervention/Underperforming Schools)	13966	43,314
84.186	NCLB: Title IV, Safe and Drug Free Schools and Communities, Formula Grants	14347	143,465
84.216	NCLB: Title I, Capital Expenses/Private Schools	13953	6,500
84.287	NCLB: Title IV, 21st Century Community Centers Learning Program	14350	1,741,551
84.366	Mathematics and Science Partnerships	-	1,072,531
84.318	NCLB: Title II, Improving Teacher Quality	14341	1,314,175
84.318	NCLB: Title II, Part D, Enhancing Education Through Technology (EETT), Formula Grants	14334	81,083
84.318	NCLB: Title II, Part D, Enhancing Education Through Technology (EETT), Competitive Grants	14334	19,544
84.298	NCLB: Title VI, Innovative Education	14326	685,235
84.357	NCLB: Title I, Part B, Reading First Program - LEA Subgrant	14328	1,509,567
84.365	NCLB: Title III Immigrant Education Program	14346	73,430
84.365	NCLB: Title III, Limited English Proficiency (LEP) Student Program	10084	705,681
84.181	Special Education IDEA: Early Intervention Grants, Part C	23761	83,664

(Continued)

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2008

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass- Through Entity Identifying Number	Federal Expend- itures
<u>U.S. Department of Education (Continued)</u>			
84.215E	Elementary Counseling PR Award	-	\$ 429,422
84.048	Vocational Programs: Voc. and Applied Tech. Prep, Title II, Sec. 203 (Carl Perkins Act)	13920	303,643
84.196	Homeless Children Education (Stewart McKinney) Grants	13697	119,921
84.330	Advanced Placement Test Fee	13917	366,869
84.215	Character Education	03063	107,877
84.184B	Mentoring Program Grants	*	105,624
84.351C	Learning Without Borders	*	394,308
84.126A	Transition Program - Department of Rehabilitation	*	215,840
84.002A	Adult Education: Adult Basic Education and ESL	13973	129,640
84.002A	Adult Education: Adult Secondary Education	13978	17,281
84.002	Adult Education: Family Literacy	13977	128,250
84.002A	Adult Education: English Literacy and Civics Education	14109	50,326
84.002A	Adult Education: Voc. and Applied Tech Education	14109	<u>23,110</u>
	Total U.S. Department of Education		<u>25,720,152</u>
<u>U.S. Department of Health and Human Services</u>			
93.778	Department of Health Services: Medi-Cal Billing Option (DHS)	10013	439,064
94.004	CalServe - Learn and Serve America Service Grants	13161	113,437
93.575	Child Development: Quality Improvement - Playground Equipment	13942	<u>3,464</u>
	Total U.S. Department of Health and Human Services		<u>555,965</u>
<u>U.S. Department of Agriculture</u>			
	Child Nutrition Cluster:		
10.555	School Programs (NSL Sec. 4)	13391	8,037,153
10.553	School Programs (School Breakfast Basic)	13390	<u>518,698</u>
	Total U.S. Department of Agriculture		<u>8,555,851</u>
	Total Federal Programs		<u>\$ 34,831,968</u>

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT
WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2008

There were no audit adjustments proposed to any funds of the District.

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS

For the Year Ended June 30, 2008
(In Thousands)

	(Budget) 2009	2008	2007	2006
<u>General Fund</u>				
Revenues and other financing sources	\$ 275,832	\$ 287,774	\$ 290,701	\$ 270,289
Expenditures	282,929	286,437	272,545	259,093
Other uses and transfers out	787	3,551	3,238	4,378
Total outgo	283,716	289,988	275,783	263,471
Change in fund balance	\$ (7,884)	\$ (2,214)	\$ 14,918	\$ 6,818
Ending fund balance	\$ 37,956	\$ 45,840	\$ 48,054	\$ 33,136
Available reserves	\$ 12,794	\$ 20,360	\$ 17,600	\$ 13,419
Designated for economic uncertainties	\$ 9,000	\$ 9,000	\$ 9,080	\$ 8,240
Undesignated fund balance	\$ 3,794	\$ 11,360	\$ 8,520	\$ 5,179
Available reserves as percentages of total outgo	4.51%	7.02%	6.38%	5.09%
<u>All Funds</u>				
Total long-term liabilities	\$ 710,439	\$ 608,079	\$ 583,619	\$ 583,389
Average daily attendance at P-2, excluding Adult and Charter School	27,895	28,178	28,413	29,293

The General Fund fund balance has increased by \$19,522 over the past three years. The fiscal year 2008-2009 budget projects a decrease of \$7,884. For a district this size, the State of California recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses. The District has met this requirement.

The District has incurred operating surpluses in two of the past three years, and anticipates incurring an operating deficit during the 2008-2009 fiscal year.

Total long-term liabilities have increased by \$24,690 over the past two years, due primarily to the issuance of General Obligation Bonds (Note 6 to the financial statements).

Average daily attendance has decreased by 1,115 over the past two years. The District anticipates a decrease of 283 ADA for the 2008-2009 fiscal year.

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2008

<u>Charter Schools Chartered by District</u>	<u>Included in District Financial Statements, or Separate Report</u>
Manzanita Charter School	Separate Report
Leadership High Charter School	Separate Report
Richmond College Prep K-5	Separate Report
West County Community High School	Separate Report

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF EXCESS SICK LEAVE

For the Year Ended June 30, 2008

Contract or Bargaining Agreement	Title of Employee
Contract allows for 24 days of sick leave.	Superintendent
Contract allows for 15 days of sick leave.	Assistant Superintendent

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

1. PURPOSE OF SCHEDULES

A - Schedule of Average Daily Attendance

Average daily attendance 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.

B - Schedule of Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day and Year. 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 46201 through 46206.

C - Schedule of Expenditure of Federal Awards

OMB Circular A-133 requires a disclosure of the financial activities of all federally funded programs. This schedule was prepared to comply with A-133 requirements, and is presented on the modified accrual basis of accounting.

D - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

E - Schedule of Financial Trends and Analysis

This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2008-2009 fiscal year, as required by the State Controller's Office.

F - Schedule of Charter Schools

This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

G - Schedule of Excess Sick Leave

This schedule provides information to the California State Teachers' Retirement System to monitor the granting of excess sick leave by school districts.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

(Continued)

2. EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14502 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2008, the District did not adopt this program.

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Honorable Board of Education
West Contra Costa Unified School District
Richmond, California

We have audited the compliance of West Contra Costa Unified School District with the types of compliance requirements described in the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies* (the "Audit Guide") to the state laws and regulations listed below for the year ended June 30, 2008. Compliance with the requirements of state laws and regulations is the responsibility of West Contra Costa Unified School District's management. Our responsibility is to express an opinion on West Contra Costa Unified School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State of California's *Standards and Procedures for Audits of California K-12 Local Educational Agencies*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state laws and regulations listed 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. Our audit does not provide a legal determination of West Contra Costa Unified School District's compliance with those requirements.

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
Regular and Special Day Classes	8	Yes
Kindergarten Continuance	3	Yes
Independent Study	23	Yes
Continuation Education	10	Yes
Adult Education	9	Yes
Regional Occupational Center and Programs	6	No, see below
Instructional Time:		
School Districts	6	
County Offices of Education	3	No, see below
Community Day Schools	9	No, see below
Morgan-Hart Class Size Reduction Program	7	No, see below
Instructional Materials:		
General requirements	12	Yes
Grades K-8	1	Yes
Grades 9-12	1	Yes
Ratio of Administrative Employees to Teachers	1	Yes
Classroom Teacher Salaries	1	Yes
Early Retirement Incentive Program	4	No, see below
Gann Limit Calculation	1	Yes
School Construction Funds:		
School District Bonds	3	No, see below
State School Facilities Funds	1	No, see below
Excess Sick Leave	3	Yes

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**
(Continued)

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
Notification of Right to Elect California State Teachers Retirement System (CalSTRS) Membership	1	Yes
Proposition 20 Lottery Funds	2	Yes
State Lottery Funds	2	Yes
California School Age Families Education (Cal-SAFE) Program	3	No, see below
School Accountability Report Card	3	No, see below
Mathematics and Reading Professional Development	4	Yes
Class Size Reduction Program:		
General requirements	7	Yes
Option one classes	3	Yes
Option two classes	4	No, see below
Districts with only one school serving K-3	4	No, see below
After School Education and Safety Program:		
General requirements	4	Yes
After school	4	Yes
Before school	5	No, see below
Contemporaneous Records of Attendance, for charter schools	1	No, see below
Mode of Instruction, for charter schools	1	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	15	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	3	No, see below
Annual Instructional Minutes - Classroom-Based, for charter schools	3	No, see below

We did not perform any procedures related to Regional Occupational Center Program because the District does not offer this program.

We did not perform any procedures related to the Instructional Time for County Offices of Education because the District is not a County Office of Education.

We did not perform testing for Community Day Schools because the ADA reported is below the level required for testing.

We did not perform any procedures related to Morgan-Hart Class Size Reduction because the District does not participate in the program.

We did not perform any procedures related to Early Retirement Incentive Program because the District did not offer this program in the current year.

We did not perform any procedures related to School Construction Funds - School District Bonds and County School Facilities Fund because the District has only Proposition 39 Bonds and did have any expenditures from the County School Facilities Fund in the current year.

We did not perform any procedures related to California School Age Families Education Program ("Cal-SAFE") because the District did not operate a Cal-SAFE program in the current year.

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE WITH STATE LAWS AND REGULATIONS**

(Continued)

The 2007-2008 School Accountability Report Cards specified by Education Code Section 33126 are not required to be completed, nor were they completed, prior to the completion of our audit procedures for the year ended June 30, 2008. Accordingly, we could not perform the portions of audit steps (a), (b) and (c) of Section 19837 of the 2007-2008 Audit Guide relating to the comparison of tested data from the 2007-2008 fiscal year to the 2007-2008 School Accountability Report Cards.

We did not perform any procedures related to Class Size Reduction Program - Option Two classes, and the Districts with only one school serving K-3 because the District does not offer Option Two, and the District has more than one school serving K-3.

We did not perform any procedures related to After School Education and Safety Program - "Before School" because the District did not operate a Before School program.

We did not perform any procedures related to Contemporaneous Records of Attendance for charter schools, Nonclassroom-Based Instruction/Independent Study for charter schools, Additional Nonclassroom-Based Instructions for charter schools, Determination of Funding for Nonclassroom-Based Instruction for charter schools and Annual Instructional Minutes Classroom-Based for charter schools because the District's charter schools are not included in the District's financial statements.

In our opinion, West Contra Costa Unified School District complied with the state laws and regulations referred to above for the year ended June 30, 2008, except as described in the Schedule of Audit Findings and Questioned Costs section of this report. Further, based on our examination, for items not tested, nothing came to our attention to indicate that West Contra Costa Unified School District had not complied with the state laws and regulations.

This report is intended solely for the information of the Board of Education, management, the State Controller's Office, the California Department of Education and the California Department of Finance, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Perry-Smith LLP

Sacramento, California
December 11, 2008

**INDEPENDENT AUDITOR'S 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**

Honorable Board of Education
West Contra Costa Unified School District
Richmond, California

We have audited the financial statements of West Contra Costa Unified School District as of and for the year ended June 30, 2008, and have issued our report thereon dated December 11, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered West Contra Costa Unified School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of West Contra Costa Unified School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

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

**INDEPENDENT AUDITOR'S 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**

(Continued)

Compliance and Other Matters

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

This report is intended solely for the information of the Board of Education, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Perry-Smith LLP

Sacramento, California
December 11, 2008

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

Honorable Board of Education
West Contra Costa Unified School District
Richmond, California

Compliance

We have audited the compliance of West Contra Costa Unified School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. 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 Audit Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of West Contra Costa Unified School District's management. Our responsibility is to express an opinion on West Contra Costa Unified School District's compliance based on our audit.

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

In our opinion, West Contra Costa Unified School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

(Continued)

Internal Control Over Compliance (Continued)

A control deficiency in the District's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the District's internal control.

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

This report is intended solely for the information of the Board of Education, management, the California Department of Education, the California State Controller's Office and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Perry-Smith LLP

Sacramento, California
December 11, 2008

FINDINGS AND RECOMMENDATIONS

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2008

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Qualified

Internal control over financial reporting:

 Material weakness(es) identified? _____ Yes X No

 Significant deficiency(ies) identified not considered
to be material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements
noted? _____ Yes X No

FEDERAL AWARDS

Internal control over major programs:

 Material weakness(es) identified? _____ Yes X No

 Significant deficiency(ies) identified not considered
to be material weakness(es)? _____ Yes X None reported

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

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	NCLB: Title I, Part A, Basic Grants Low Income and Neglected
84.027, 84.027A, 84.173	Special Education Cluster
10.553, 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 1,044,959

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

STATE AWARDS

Internal control over state programs:

 Material weakness(es) identified? _____ Yes X No

 Significant deficiency(ies) identified not considered
to be material weaknesses? _____ Yes X None reported

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2008

SECTION II - FINANCIAL STATEMENT FINDINGS

1. CASH RECONCILIATION (30000)

Criteria

Internal Controls - Safeguarding of Assets

Condition

One of the District's revolving cash accounts with a balance at June 30, 2008 of \$20,000 in the Self-Insurance Fund, held at a third party administrator, was not reconciled and reviewed on a monthly basis.

Effect

There is a potential for misappropriation of assets.

Cause

District personnel were not following appropriate reconciliation and review procedures.

Fiscal Impact

Not applicable.

Recommendation

All bank accounts should be reconciled to the book balance and be reviewed in a timely manner.

Corrective Action Plan

The District concurs with the finding. This account was created to pay claims and other expenses related to our Self Insurance Program and is maintained under contract by our third party administrator, Keenan and Associates. This account is reimbursed as needed based on detailed invoicing from the administrator, which is reviewed and approved by District staff prior to authorizing reimbursement. The District shall review and reconcile this account on a monthly basis.

2. INTERNAL CONTROL - ACCRUED VACATION (30000)

Criteria

Internal Controls - Safeguarding of Assets

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2008

SECTION II - FINANCIAL STATEMENT FINDINGS
(Continued)

2. INTERNAL CONTROL - ACCRUED VACATION (30000) (Continued)

Condition

The District is not enforcing its vacation carryover policy. Employees have exceeded their maximum allowable vacation carryover.

Effect

Several employees have accrued vacation in excess of the maximum hours/days permitted by policy. Total excess liability at June 30, 2008 is approximately \$880,000

Cause

The District is not enforcing the approved vacation policy.

Fiscal Impact

Not determinable.

Recommendation

All employees should be required to take their earned vacation hours/days in the respective year. Also, the accrual should stop once an employee has reached the maximum permitted per policy.

Corrective Action Plan

The District concurs with this finding. The District has implemented procedures to reduce the vacation accrual balance. The vacation accrual balance has declined over the last two years. The District management will continue to work with their staff to reduce the excess vacation accrual to the District's allowable limit.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2008

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2008

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

3. STATE COMPLIANCE - ATTENDANCE (10000)

Criteria

Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Sections 401 and 421 (b) and Education Code Section 44809 - Each LEA must develop and maintain accurate and adequate records to support the attendance reported to the State.

Condition

At Potola Middle School, we noted one student was improperly counted as present for one day.

Effect

The effect of this finding is an extrapolated overstatement of 0.44 ADA

Cause

The errors were the result of clerical errors in accounting for attendance.

Fiscal Impact

There is no fiscal impact as the error is below 0.5 ADA.

Recommendation

The District should implement procedures to ensure that attendance is correctly reported.

Corrective Action Plan

The District concurs with this finding. The District will continue to audit attendance accounting at school sites and provide additional training to site personnel.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2008

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

4. STATE COMPLIANCE - ADULT EDUCATION ATTENDANCE (10000)

Criteria

Attendance Accounting and Reporting in California Public Schools, Title 5, CCR, Sections 401 and 421 (b) and Education Code Section 44809 - Each LEA must develop and maintain accurate and adequate records to support the attendance reported to the State.

Condition

Attendance was recorded for two additional hours for one student. The attendance summary did not correspond to the scantrons used to initially record attendance.

Effect

There is an overstatement of 6.45 ADA.

Cause

The attendance system did not accurately record attendance based on the attendance scantrons.

Fiscal Impact

There is no fiscal impact as the Adult Education Program is over the cap for allowable hours.

Recommendation

The District should implement the necessary controls to ensure an effective review process. Within the review process, the District should ensure the attendance system is accurately reading the attendance scantrons.

Corrective Action Plan

The District concurs with this finding. The District will revise and resubmit the Period Two and Annual Reports of Attendance to reflect the change in ADA. The District will provide training for the Adult Education attendance personnel.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2008

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

5. STATE COMPLIANCE - CALSTRS (41000)

Criteria

Within thirty days of hire, the District must provide a CalSTRS membership election form consistent with the provisions of subdivision (b) of Education Code Section 22455.5 to each newly hired substitute teacher or part-time employee who will render creditable service as defined in Education Code Section 22119.5.

Condition

CalSTRS election forms were not included in six personnel files selected for testing.

Effect

The District is not in compliance with State requirements for CalSTRS membership election.

Cause

The District does not collect the required CalSTRS form which documents that substitute and part-time employees elected not to participate in CalSTRS.

Fiscal Impact

Not Applicable.

Recommendation

The membership election form for CalSTRS must be provided to all newly hired substitute and part time certificated employees and proper follow up should be performed to collect the documents from the new employee within 30 days of hire.

Corrective Action Plan

The District concurs with this finding. The District has established new procedures to ensure that the CalSTRS election forms, which documents the substitute and/or part time employee's election not to participate in CalSTRS, is in their personnel file.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2008

<u>Finding/Recommendation</u>	<u>Current Status</u>	<u>District Explanation If Not Implemented</u>
<p>2007-1</p> <p>The District is not enforcing its vacation carryover policy. Employees have exceeded their maximum allowable vacation carryover.</p> <p>All employees should be required to take their earned vacation hours/days in the respective year. Also, the vacation accrual should stop once an employee has reached the maximum permitted per policy.</p>	Not implemented.	See current year finding #2.
<p>2007-2</p> <p>The District used school construction funds totaling \$17,716 for the purchase of books, maps and globes.</p> <p>We recommend the District transfer the unapproved expenditure to an appropriate resource code during the 2007-08 fiscal year and verify all expenditures in the school construction fund resource code for compliance with State adopted standards.</p>	Implemented.	
<p>2007-3</p> <p>At Shannon Elementary School, two students were claimed for apportionment for three days when the District had documentation that the students were actually absent.</p> <p>The District should implement procedures to ensure that attendance is correctly reported.</p>	Not implemented.	See current year finding #3.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
(Continued)
Year Ended June 30, 2008

Finding/Recommendation	Current Status	District Explanation If Not Implemented
2007-4 The Adult Education program at Serra Adult Education understated 210.50 attendance hours. We recommend that the District ensure all attendance scantrons be submitted prior to completing and filing the Period Two and Annual Reports of Attendance. Additionally, the District should revise and resubmit the Period Two and Annual Reports of Attendance to reflect the additional ADA.	Not Implemented.	See current year finding #4.