

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

COUNTY OF CONTRA COSTA

RICHMOND, CALIFORNIA

FINANCIAL STATEMENTS

WITH SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2010

AND

INDEPENDENT AUDITOR'S REPORT

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2010

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WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

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WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

For the Year Ended June 30, 2010

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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, 2010, 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, 2010, 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 10, 2010 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 and the Required Supplementary Information such as the General Fund Budgetary Comparison Schedule and Schedule of Other Postemployment Benefits Funding Progress, are not required parts of the basic financial statements, but are 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 UP

Sacramento, California
December 10, 2010



WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

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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, 2010. It should be read in conjunction with the District's financial statements.

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

FINANCIAL AND EDUCATIONAL HIGHLIGHTS

The District's financial position deteriorated over the past year. Overall expenditures of \$373.5 million exceeded revenues by \$44.4 million. Total net assets decreased by 19.2% over the course of the year.

The 2009-10 financial statements cannot be adequately addressed without acknowledging the extraordinary issues facing the Nation, State and the School District during the 2009-10 school year. The current recession has our nation in its worst economic crisis since the Great Depression. California, being one of the largest economies in the United States has been hit particularly hard with job losses and home foreclosures during this past school year.

Within the District this meant a constant need to track and revise estimates of an ever-changing funding stream from our State. State Revenue deficits were a net 18.35% on the per pupil revenues. In addition to the funding reductions, the State also enacted additional revenue deferrals so at the close of 2009-10 the District was owed millions by the State for programs operated during 2009-10.

As the District prepares for the 2010-11 school year it is faced the major challenge of a State budget which is facing an unprecedented deficit and major instability due to the uncertainty of how the budget will be balanced. Over the course of the last six school years West Contra Costa Unified School District has declined in enrollment. The District has adopted budget reductions in an effort to keep pace with rising costs in general, the skyrocketing health benefits costs as well as the reduction in revenue associated with enrollment decline and state cuts, this is evidenced by the positive general fund balance. The community also responded to the needs of students in the District by passing a parcel tax in 2004 and renewed it in 2008 which helped the District avoid some cuts for specific programs and services. The District has tackled the difficult task of managing the budget reductions and making the effort to raise revenues which are necessary to remain solvent during these tough times.

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 basic 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 cash flows	Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long-term; Standard funds do not currently contain non-financial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

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 18 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, 2010 than they were the year before—decreasing by \$44.4 million to \$186.9 million as reflected on the next page.

Net Assets

	GOVERNMENTAL ACTIVITIES	
	2010	2009
Current Assets	\$360,796,850	\$288,414,212
Capital Assets	809,644,571	749,964,447
Total Assets	1,170,441,421	1,038,378,659
Current Liabilities	80,172,466	70,742,490
Long-term Liabilities	903,343,117	736,348,639
Total Liabilities	983,515,583	807,091,129
Net Assets:		
Invested in Capital Assets, net of related debt	20,832,255	104,425,526
Restricted For:		
Capital Projects	170,041,507	108,697,584
Debt Service	38,745,510	34,571,916
Educational Programs	25,612,527	30,787,725
Other Purposes (Expendable)	10,696,041	5,538,926
Other Purposes (Unexpendable)	13,224,861	14,167,408
Unrestricted	(92,226,663)	(67,099,412)
Total Net Assets	\$186,925,838	\$231,089,673

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 \$44.4 million. Property taxes, State Aid and other general sources accounted for most of the District’s revenues contributing approximately 72 cents per every dollar of revenue received while Federal, State and local grants and contributions for specific purposes provided approximately 28 cents of every dollar of revenue.

GOVERNMENTAL ACTIVITIES		
	2010	2009
Revenues:		
Program revenues:		
Charges for Services	\$1,233,555	\$1,700,853
Operating Grants and Contributions	91,549,906	108,167,444
Capital Grants and Contributions	575,998	19,700,237
Total Program Revenues	93,349,459	129,568,534
General Revenues:		
Property Taxes	120,374,750	119,303,027
Federal and State Aid	111,659,345	110,362,304
Interest and Investment Earnings	839,017	2,451,554
Interagency revenues:		
Miscellaneous	2,868,771	2,190,665
Special extraordinary items		1,500,000
Total General Revenues	235,741,883	235,807,550
Total Revenues	329,091,342	365,376,084
Expenses:		
Instruction	180,557,998	200,846,383
Support Services:		
Administrative	43,499,286	45,645,803
Student Support	38,706,858	32,345,571
Non-Student Support	19,835,546	18,295,507
Plant Services	36,734,670	35,305,140
Ancillary Services	7,801,561	6,663,785
Transfers between agencies	1,009,130	326,810
Community Services	106,613	92,351
Interest on long-term debt	43,221,370	30,899,529
Total Expenses	373,463,034	370,618,736
Change in Net Assets	\$ (44,371,692)	\$ (5,242,652)

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 \$373.5 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 \$93.4 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 \$120,374,750 of this amount while State education aid formulas contributed the remaining \$111,659,345.

	Net		Net	
	Total Cost	(Expense) Revenue	Total Cost	(Expense) Revenue
	2010	2010	2009	2009
Instruction	\$180,557,998	\$ (137,998,408)	\$200,846,383	\$(128,383,604)
Support Services	104,031,692	(66,309,508)	96,286,881	(52,519,154)
Facilities and Plant	36,734,670	(29,453,310)	35,305,140	(28,647,562)
Ancillary Services	7,801,561	(2,342,454)	6,663,785	(1,727,793)
Other	44,337,113	(43,999,895)	31,516,547	(29,574,232)
Total	\$373,463,034	\$ (280,103,575)	\$370,618,736	\$ (240,852,345)

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 \$300 million, well above last year's combined ending fund balance of \$235 million. This increase 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 the following 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 \$265.1 million against appropriated expenditures of \$301 million thus anticipating a decrease of \$35.9 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 lower (\$8.1 million) than projected (\$35.9 million) ending fund balance.

Summary of Revenues for Governmental Function

The following schedule represents a summary of the general operating fund, special revenue fund, capital projects fund and debt service fund revenues for the fiscal year ended June 30, 2009, and the increase and decrease (in amount and percentage) in relations to prior year amounts.

	2010	Percent of	Increase (Decrease)	Percent Increase
	Fiscal Year	Total	From Prior Fiscal Year	(Decrease) From Prior Fiscal Year
Revenue Limit Sources	\$142,320,077	42	\$ (19,579,288)	(12.09%)
Federal	42,112,306	13	(1,241,016)	(2.86%)
Other State	76,906,253	23	(18,862,976)	(19.70%)
Other Local	75,263,357	22	6,909,108	10.11%
Total Revenues	\$336,601,993	100%	\$ (32,774,172)	(8.87%)

The following schedule represents a summary of the general operating fund, special revenue fund, capital projects fund, and debt service fund expenditures for the fiscal year ended June 30, 2010, and the increase and decrease (in amount and percentage) in relations to prior year amounts.

Summary of Expenditures by Object Code

	2010	Percent of	Increase (Decrease)	Percent Increase
	Fiscal Year	Total	From Prior Fiscal Year	(Decrease) From Prior Fiscal Year
Certificated salaries	\$113,448,248	24.55%	\$ (10,195,213)	(8.25%)
Classified salaries	43,729,248	9.46%	(4,035,669)	(8.45%)
Employee benefits	63,241,551	13.68%	(9,377,300)	(12.91%)
Books and supplies	16,503,400	3.57%	897,777	5.75%
Services, other operation expenses	58,964,624	12.76%	11,377,696	23.91%
Capital Outlay	66,528,218	14.39%	(10,542,376)	(13.68%)
Debt Service:				
Principal	71,173,855	15.40%	57,359,042	415.20%
Interest	28,549,374	6.18%	4,415,940	18.30%
Other outgo	33,137	0.01%	(8,766)	(20.92%)
Total Expenditures	\$462,171,655	100%	\$39,891,131	9.45%

CAPITAL ASSET AND DEBT ADMINISTRATION

By June 30, 2010, the District had invested \$1,045 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 \$14.9 million while additions to net capital assets amounted to approximately \$75.6 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>			<u>Balance, June 30, 2010</u>
	<u>Balance, July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	
Governmental activities:				
Land	\$52,371,291			\$52,371,291
Site Improvements	52,366,719	\$7,333,268	\$1,439,639	58,260,348
Buildings	591,772,417	116,428,067	7,238,919	700,961,565
Machinery and Equipment	11,963,427	1,454,258	1,520,011	11,897,674
Construction In Progress	271,379,997	73,864,460	123,425,846	221,818,611
Totals at historical cost	<u>979,853,851</u>	<u>199,080,053</u>	<u>133,624,415</u>	<u>1,045,309,489</u>
Less: accumulated depreciation				
Site Improvements	(40,008,952)	(939,705)	(6,486,513)	(39,509,018)
Buildings	(183,508,800)	(13,143,700)	(1,439,639)	(190,165,987)
Machinery and Equipment	(6,371,652)	(802,859)	(1,184,598)	(5,989,913)
Total accumulated depreciation	<u>(229,889,404)</u>	<u>(14,886,264)</u>	<u>(9,110,750)</u>	<u>(235,664,918)</u>
Governmental activities, capital Assets, Net	<u>\$749,964,447</u>	<u>\$184,193,789</u>	<u>\$124,513,665</u>	<u>\$809,644,571</u>

Long-Term Liabilities

In recent years the District has received approval from the voters to issue \$1,270 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. Measure J was approved for \$400 million in November 2005 to continue repairing all school facilities, improve classroom safety and technology. Finally, Measure D was approved for \$380 million on June 8, 2010 will go to support energy efficiency projects including solar panels, dual-paned windows, drip irrigation and maintenance. 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 \$921.9 million in general obligation bonds and other long-term liabilities outstanding, a slight increase over the prior year.

This is the second 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.

	Governmental Activities				
	Balance			Amounts	
	July 1, 2009	Additions	Deductions	Balance June 30, 2010	Due Within One Year
Emergency Apportionment Loan	\$11,866,981		\$1,239,800	\$10,627,181	\$1,258,794
General Obligation Bonds	636,220,231	\$190,269,708	68,267,117	758,222,822	15,395,830
Accreted Interest	28,681,797	10,501,132		39,182,929	
GO Bond Premium	7,289,215	9,978,438	621,750	16,645,903	
1994 Certificates of Participation	9,780,000		435,000	9,345,000	455,000
Voluntary Integration Program	2,872,000		1,000,000	1,872,000	1,000,000
Computer equipment acquisition	4,265,423		134,414	3,933,152	357,120
Compensated absences	3,435,034		495,755	2,939,279	
OPEB Obligation	50,747,951	44,531,861	16,364,564	78,915,248	
Child care facilities loan	321,395		97,524	223,871	97,524
Total Long-term liabilities	\$755,282,170	\$255,281,139	\$86,655,924	\$921,907,385	\$18,564,268

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 266 from the prior year. 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 State of California continues to experience budget difficulties due to the economic crisis. The State budget deficit is expected to grow to \$28 billion for 2011-12. It is unlikely that the current enacted budget for 2010-11 will remain intact, the Governor has called an emergency legislative session and mid-year cuts are a strong possibility. Since the majority of our revenue comes from the State, we will most certainly continue to experience budget challenges in this year and in the coming years. The State's current cash deferral program puts an additional strain on the District resources. The District will receive only 72% of the cash to operate the programs in the 2010-11 school year, with the other 28% of cash deferred to July and August.

BASIC FINANCIAL STATEMENTS

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2010

	<u>Governmental Activities</u>
ASSETS	
Cash and investments (Note 2)	\$ 304,238,142
Accounts receivable	45,231,219
Prepaid expenses	10,626,041
Stores inventory	701,448
Capital assets, net of accumulated depreciation (Note 4)	<u>809,644,571</u>
Total assets	<u>1,170,441,421</u>
LIABILITIES	
Accounts payable	50,093,396
Unpaid claims and claim adjustment expenses (Note 5)	500,000
Deferred revenue	11,014,802
Long-term liabilities (Note 6):	
Due within one year	18,564,268
Due after one year	<u>903,343,117</u>
Total liabilities	<u>983,515,583</u>
NET ASSETS	
Invested in capital assets, net of related debt	20,832,255
Restricted (Note 7)	258,320,446
Unrestricted	<u>(92,226,863)</u>
Total net assets	<u>\$ 186,925,838</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, 2010

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Assets</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental activities (Note 4):					
Instruction	\$ 180,557,998		\$ 41,983,592	\$ 575,998	\$ (137,998,408)
Instruction-related services:					
Supervision of instruction	23,304,417		16,141,319		(7,163,098)
Instructional library, media and technology	3,580,782		278,362		(3,302,420)
School site administration	18,614,087		21,445		(18,592,642)
Pupil services:					
Home-to-school transportation	7,646,003		1,874,776		(5,771,227)
Food services	11,753,349	\$ 1,165,245	10,103,333		(484,771)
All other pupil services	19,297,508		5,990,618		(13,306,890)
General administration:					
Data processing	2,832,563				(2,832,563)
All other general administration	17,002,983	52,909	2,094,177		(14,855,897)
Plant services	36,734,670	15,401	7,265,959		(29,453,310)
Ancillary services	7,801,561		5,459,107		(2,342,454)
Community services	106,613				(106,613)
Other outgo	1,009,130		337,218		(671,912)
Interest on long-term liabilities	43,221,370				(43,221,370)
	<u>\$ 373,463,034</u>	<u>\$ 1,233,555</u>	<u>\$ 91,549,906</u>	<u>\$ 575,998</u>	<u>(280,103,575)</u>
Total governmental activities					
General revenues:					
Taxes and subventions:					
Taxes levied for general purposes					60,680,005
Taxes levied for debt service					43,412,338
Taxes levied for other specific purposes					16,282,407
Federal and state aid not restricted to specific purposes					111,659,345
Interest and investment earnings					839,017
Miscellaneous					2,868,771
					<u>235,741,883</u>
					<u>Change in net assets (44,361,692)</u>
					<u>Net assets, July 1, 2009 231,287,530</u>
					<u>Net assets, June 30, 2010 \$ 186,925,838</u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2010

	<u>General Fund</u>	<u>Building Fund</u>	<u>Special Reserve for Capital Outlay Projects Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and investments:						
Cash in County Treasury	\$ 18,091,691	\$ 180,009,416	\$ 12,739,000	\$ 34,004,536	\$ 11,534,727	\$ 256,379,370
Cash awaiting deposit	3,436				1,050	4,486
Cash on hand and in banks	38,109				189,576	227,685
Cash in revolving fund	70,000					70,000
Cash with Fiscal Agent		7,867,666	126,380		1,749,800	9,743,846
Investments	93	23,583,037			10,712,137	34,295,267
Accounts receivable	41,707,691	214,060	206,458	15,946	3,087,064	45,231,219
Stores inventory	<u>260,432</u>				<u>441,016</u>	<u>701,448</u>
Total assets	<u>\$ 60,171,452</u>	<u>\$ 211,674,179</u>	<u>\$ 13,071,838</u>	<u>\$ 34,020,482</u>	<u>\$ 27,715,370</u>	<u>\$ 346,653,321</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	\$ 13,546,939	\$ 19,288,389	\$ 1,608,482		\$ 1,408,799	\$ 35,852,609
Deferred revenue	<u>5,572,566</u>		<u>5,378,843</u>		<u>63,393</u>	<u>11,014,802</u>
Total liabilities	<u>19,119,505</u>	<u>19,288,389</u>	<u>6,987,325</u>		<u>1,472,192</u>	<u>46,867,411</u>
Fund balances:						
Reserved for:						
Revolving fund	70,000					70,000
Stores inventory	260,432				441,016	701,448
Unspent categorical revenue	25,612,527					25,612,527
Unreserved, reported in:						
General Fund	15,108,988					15,108,988
Special Revenue Funds					10,764,569	10,764,569
Capital Projects Funds		192,385,790	6,084,513		4,771,957	203,242,260
Debt Service Funds				<u>\$ 34,020,482</u>	<u>10,265,636</u>	<u>44,286,118</u>
Total fund balances	<u>41,051,947</u>	<u>192,385,790</u>	<u>6,084,513</u>	<u>34,020,482</u>	<u>26,243,178</u>	<u>299,785,910</u>
Total liabilities and fund balances	<u>\$ 60,171,452</u>	<u>\$ 211,674,179</u>	<u>\$ 13,071,838</u>	<u>\$ 34,020,482</u>	<u>\$ 27,715,370</u>	<u>\$ 346,653,321</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, 2010

Total fund balances - Governmental Funds \$ 299,785,910

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 \$1,045,309,489 and the accumulated depreciation is \$235,664,918 (Note 4). 809,644,571

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, 2010 consisted of (Note 6):

General Obligation Bonds	\$ (774,868,725)	
Accreted interest	(39,182,929)	
Certificates of Participation	(9,345,000)	
Emergency Apportionment Loan	(10,627,181)	
Voluntary Integration Plan	(1,872,000)	
Computer equipment acquisition loan	(3,933,152)	
Child care facilities loan	(223,871)	
Other Postemployment Benefits (OPEB) (Note 9)	(78,915,248)	
Compensated absences	<u>(2,939,279)</u>	
		(921,907,385)

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: 1,758,844

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: (12,982,143)

Costs associated with the issuance of long-term liabilities are not financial resources and, therefore, are not reported as assets in governmental funds. 10,626,041

Total net assets - governmental activities \$ 186,925,838

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, 2010

	<u>General Fund</u>	<u>Building Fund</u>	<u>Special Reserve for Capital Outlay Projects Fund</u>	<u>Bond Interest and Redemption Fund</u>	<u>All Non-Major Funds</u>	<u>Total Governmental Funds</u>
Revenues:						
Revenue limit sources:						
State apportionment	\$ 84,035,526					\$ 84,035,526
Local sources	<u>58,284,551</u>					<u>58,284,551</u>
Total revenue limit	<u>142,320,077</u>					<u>142,320,077</u>
Federal sources	31,062,400			\$ 643,039	\$ 10,406,867	42,112,306
Other state sources	63,976,273		\$ 3,582,597	552,276	8,795,107	76,906,253
Other local sources	<u>20,199,980</u>	<u>\$ 4,963,061</u>	<u>1,117,421</u>	<u>46,352,600</u>	<u>2,630,295</u>	<u>75,263,357</u>
Total revenues	<u>257,558,730</u>	<u>4,963,061</u>	<u>4,700,018</u>	<u>47,547,915</u>	<u>21,832,269</u>	<u>336,601,993</u>
Expenditures:						
Certificated salaries	110,694,305				2,753,943	113,448,248
Classified salaries	37,823,881	621,030	26,530		5,257,807	43,729,248
Employee benefits	60,199,786	240,784	6,040		2,794,941	63,241,551
Books and supplies	9,912,409	1,966,563	32,236		4,592,192	16,503,400
Contract services and operating expenditures	43,130,953	9,467,677	4,499,475		1,866,519	58,964,624
Capital outlay	1,248,554	62,583,387	752,500		1,943,777	66,528,218
Other outgo	33,137					33,137
Debt service:						
Principal retirement	2,374,214	56,785,000		11,482,117	532,524	71,173,855
Interest	<u>241,250</u>			<u>27,816,175</u>	<u>491,949</u>	<u>28,549,374</u>
Total expenditures	<u>265,658,489</u>	<u>131,664,441</u>	<u>5,316,781</u>	<u>39,298,292</u>	<u>20,233,652</u>	<u>462,171,655</u>
(Deficiency) excess of revenues (under) over expenditures	<u>(8,099,759)</u>	<u>(126,701,380)</u>	<u>(616,763)</u>	<u>8,249,623</u>	<u>1,598,617</u>	<u>(125,569,662)</u>
Other financing sources (uses):						
Operating transfers in	1,731,887			1,427,874	7,497,476	10,657,237
Operating transfers out	(926,928)	(1,998,422)			(7,731,887)	(10,657,237)
Proceeds from issuance of long-term liabilities		<u>190,269,708</u>				<u>190,269,708</u>
Total other financing sources (uses)	<u>804,959</u>	<u>188,271,286</u>		<u>1,427,874</u>	<u>(234,411)</u>	<u>190,269,708</u>
Net changes in fund balances	(7,294,800)	61,569,906	(616,763)	9,677,497	1,364,206	64,700,046
Fund balances, July 1, 2009	<u>48,346,747</u>	<u>130,815,884</u>	<u>6,701,276</u>	<u>24,342,985</u>	<u>24,878,972</u>	<u>235,085,864</u>
Fund balances, June 30, 2010	<u>\$ 41,051,947</u>	<u>\$ 192,385,790</u>	<u>\$ 6,084,513</u>	<u>\$ 34,020,482</u>	<u>\$ 26,243,178</u>	<u>\$ 299,785,910</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, 2010

Net changes in fund balances - Total Governmental Funds \$ 64,700,046

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).	\$ 75,654,207
Depreciation of capital assets is an expense that is not recorded in the governmental funds (Note 4).	(14,886,264)
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).	(1,087,819)
In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as revenue in the period it is incurred. In government-wide statements, the premium or discount is amortized as interest over the life of the debt (Note 6).	(9,356,688)
In governmental funds, issuance of long-term debt is reported as income. In the government-wide statements, proceeds from debt are reported as increases to liabilities (Note 6).	(190,269,708)
Repayment of principal on long-term liabilities is an expenditure in the governmental funds, but decreases the long-term liabilities in the statement of net assets (Note 6).	71,173,855
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.	5,160,691
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.	(4,792,213)
Accreted interest on capital appreciation bonds is not recorded in the governmental funds, but increases the long-term liabilities in the statement of net assets (Note 6).	(10,501,532)

(Continued)

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

(Continued)

For the Year Ended June 30, 2010

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:	\$	(2,484,725)
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 (Notes 6 and 9):		(28,167,297)
In the statement of activities, expenses related to compensated 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).	<u>495,755</u>	<u>\$ (109,061,738)</u>
Change in net assets of governmental activities		<u>\$ (44,361,692)</u>

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, 2010

ASSETS

Cash in County Treasury	\$ 3,477,275
Collections awaiting deposit	898
Cash with Fiscal Agent	<u>39,315</u>
Total assets	<u>3,517,488</u>

LIABILITIES

Accounts payable	1,258,644
Unpaid claims and claim adjustment expenses	<u>500,000</u>
Total liabilities	<u>1,758,644</u>

NET ASSETS

Restricted	<u>\$ 1,758,844</u>
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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, 2010

Operating revenues:	
Self-insurance premiums	<u>\$ 2,542,306</u>
Operating expenses:	
Contract services	<u>5,027,031</u>
Operating loss	(2,484,725)
Total net assets, July 1, 2009	<u>4,243,569</u>
Total net assets, June 30, 2010	<u><u>\$ 1,758,844</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, 2010

Cash flows from operating activities:	
Cash received from self-insurance premiums	\$ 2,542,306
Cash paid for claims	(1,350,572)
Cash paid for contract services	<u>(2,500,096)</u>
Net cash used in operating activities	<u>(1,308,362)</u>
Change in cash and cash equivalents	(1,308,362)
Cash and cash equivalents, July 1, 2009	<u>4,825,850</u>
Cash and cash equivalents, June 30, 2010	<u><u>\$ 3,517,488</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (2,484,725)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Decrease in accounts payable	<u>1,176,363</u>
Net cash used in operating activities	<u><u>\$ (1,308,362)</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, 2010

	<u>Trust Fund</u>	<u>Agency Fund</u>	
	<u>Retiree Benefits Trust</u>	<u>Payroll Clearing Fund</u>	<u>Total</u>
ASSETS			
Cash in County Treasury (Note 2)	\$ 4,678,765	\$ 945,077	\$ 5,623,842
Collections awaiting deposit (Note 2)		14,027	14,027
Investments (Note 2)	7,108,254		7,108,254
Accounts receivable	<u>12,740</u>	<u>78,131</u>	<u>90,871</u>
Total assets	<u>11,799,759</u>	<u>1,037,235</u>	<u>12,836,994</u>
LIABILITIES			
Accounts payable	<u>626</u>	<u>1,037,235</u>	<u>1,037,861</u>
NET ASSETS			
Restricted (Note 7)	<u>\$ 11,799,133</u>	<u>\$ -</u>	<u>\$ 11,799,133</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, 2010

Revenues:	
Other local sources	\$ 16,270,588
Expenditures:	
Contract services and operating expenditures (Note 9)	<u>16,364,564</u>
Change in net assets	(93,976)
Net assets, July 1, 2009	<u>11,893,109</u>
Net assets, June 30, 2010	<u><u>\$ 11,799,133</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 Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, for inclusion of the Corporation as a component unit of the District. The basic, but not the only criterion for including a governmental 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, 2010, 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

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 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 Governmental Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

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, Special Reserve for Capital Outlay Projects, Capital Facilities 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 accumulation of funds 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.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 are presented as Required Supplementary Information.

Stores Inventory

Inventories in the General and Cafeteria Funds are valued at average cost. Stores 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.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Compensated absences totaling \$2,939,279 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.

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.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2010 consisted of the following:

	Governmental Activities			
	Governmental Funds	Proprietary Fund	Total	Fiduciary Activities
Pooled Funds:				
Cash in County Treasury	\$256,379,370	\$ 3,477,275	\$259,856,645	\$ 5,623,842
Cash awaiting deposit	4,486	898	5,384	14,027
Deposits:				
Cash on hand and in banks	227,685		227,685	
Cash in revolving fund	70,000		70,000	
Total pooled funds and deposits	<u>256,681,541</u>	<u>3,478,173</u>	<u>260,159,714</u>	<u>5,637,869</u>
Investments:				
Cash with Fiscal Agent	9,743,846	39,315	9,783,161	
Local Agency Investment Fund	<u>34,295,267</u>		<u>34,295,267</u>	<u>7,108,254</u>
Total investments	<u>44,039,113</u>	<u>39,315</u>	<u>44,078,428</u>	<u>7,108,254</u>
Total	<u>\$300,720,654</u>	<u>\$ 3,517,488</u>	<u>\$304,238,142</u>	<u>\$ 12,746,123</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH AND INVESTMENTS (Continued)

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.

In accordance with applicable state laws, the Contra Costa County Treasurer may invest in derivative securities. However, at June 30, 2010, 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 \$250,000 by the Federal Depository Insurance Corporation (FDIC). As of June 30, 2010, the carrying amount of the District's accounts were \$297,685, and the bank balances were \$322,872. Of the bank balances, \$307,079 was covered by the FDIC insurance and \$15,793 was uninsured.

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

2. CASH AND INVESTMENTS (Continued)

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.

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, 2010, 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, 2010, the District had no concentration of credit risk.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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

There were no individual interfund receivable and payable balances at June 30, 2010.

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 2009-2010 fiscal year were as follows:

Transfer from the General Fund to the Corporation Debt Service Fund to cover payments on the Certificates of Participation.	\$ 926,928
Transfer from the Building Fund to the Bond Interest Redemption Fund to reclassify the bond funds received that should have originally gone into the Bond Interest Redemption Fund.	1,427,874
Transfer from the Building Fund to the County School Facilities Fund to match the state grant allocation.	570,548
Transfer from the Adult Education Fund to the General Fund for indirect support costs.	1,118,988
Transfer from the Adult Education Fund to the Special Reserve for Other Than Capital Outlay Projects Fund for Tier III flexibility provisions of SBX3 4.	2,000,000
Transfer from the Child Development Fund to the General Fund for indirect support costs.	140,065
Transfer from the Cafeteria Fund to the General Fund for indirect support costs.	472,834
Transfer from the Deferred Maintenance Fund to the Special Reserve for Other Than Capital Outlay Projects Fund for Tier III flexibility provisions of SBX3 4.	<u>4,000,000</u>
	<u>\$ 10,657,237</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, 2010 is shown below:

	Balance July 1, 2009	Transfers and Additions	Transfers and Deductions	Balance June 30, 2010
<u>Governmental Activities</u>				
Non-depreciable:				
Land	\$ 52,371,291			\$ 52,371,291
Work-in-process	271,379,997	\$ 73,864,460	\$ 123,425,846	221,818,611
Depreciable:				
Buildings	591,772,417	116,428,067	7,238,919	700,961,565
Site improvements	52,366,719	7,333,268	1,439,639	58,260,348
Equipment	<u>11,963,427</u>	<u>1,454,258</u>	<u>1,520,011</u>	<u>11,897,674</u>
Totals, at cost	<u>979,853,851</u>	<u>199,080,053</u>	<u>133,624,415</u>	<u>1,045,309,489</u>
Less accumulated depreciation:				
Buildings	(183,508,800)	(13,143,700)	(6,486,513)	(190,165,987)
Site improvements	(40,008,952)	(939,705)	(1,439,639)	(39,509,018)
Equipment	<u>(6,371,652)</u>	<u>(802,859)</u>	<u>(1,184,598)</u>	<u>(5,989,913)</u>
Total accumulated depreciation	<u>(229,889,404)</u>	<u>(14,886,264)</u>	<u>(9,110,750)</u>	<u>(235,664,918)</u>
Capital assets, net	<u>\$ 749,964,447</u>	<u>\$ 184,193,789</u>	<u>\$ 124,513,665</u>	<u>\$ 809,644,571</u>

Depreciation expense was charged to governmental activities as follows:

Instruction	\$ 8,057,851
Supervision of instruction	1,048,381
Instructional library, media and technology	163,111
School site administration	822,248
Home to school transportation	377,710
Food services	560,774
All other pupil services	876,996
Ancillary services	359,594
Community services	4,669
All other general administration	756,030
Data processing	133,058
Plant services	<u>1,725,842</u>
Total depreciation expense	<u>\$ 14,886,264</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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, 2010, 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.

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,</u> <u>2010</u>	<u>June 30,</u> <u>2009</u>
Unpaid claim and claim adjustment expenses, beginning of year	\$ 500,000	\$ 500,000
Total incurred claims and claim adjustment expenses	1,350,572	1,469,439
Total payments	<u>(1,350,572)</u>	<u>(1,469,439)</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, 2009	Issued Current Year	Redeemed Current Year	Outstanding June 30, 2010
Measure E, Refunding Series A	4.15% - 5.7%	2001	2025	\$ 28,610,000	\$ 21,650,000		\$ 1,005,000	\$ 20,645,000
Measure E, Refunding Series B	4.3% - 6.0%	2001	2025	10,255,000	7,895,000		345,000	7,550,000
Measure M, Series A	5.0% - 8.0%	2001	2031	15,000,000	13,235,000		13,235,000	
Measure M, Series B	4.0% - 6.0%	2002	2031	40,000,000	36,185,000		35,300,000	885,000
Measure M, Series C	2.5% - 5.0%	2003	2032	95,000,000	86,895,000		2,230,000	84,665,000
Measure D, Series A	4.25% - 7.0%	2002	2031	30,000,000	27,015,000		690,000	26,325,000
Measure D, Series B	4.1% - 5.0%	2003	2032	100,000,000	89,690,000		2,270,000	87,420,000
Measure D, Series C, Current Interest	4.0% - 5.0%	2004	2035	40,000,000	37,970,000		745,000	37,225,000
Measure D, Series C Capital Appreciation	2.4% - 5.8%	2004	2035	29,999,377	29,589,577		372,121	29,217,456
Measure D, Series D, Capital Appreciation	3.15% - 5.05%	2006	2035	99,998,106	97,925,654		1,254,996	96,670,658
Measure J, Series A	4.0% - 5.0%	2006	2035	70,000,000	68,170,000		5,845,000	62,325,000
Measure J, Series B	5.0% - 6.0%	2009	2036	120,000,000	120,000,000		4,975,000	115,025,000
Measure J, Series C1	6.24% - 12.0%	2010	2033	52,084,759		\$ 52,084,759		52,084,759
Measure J, Series C2	8.46%	2010	2034	52,825,000		52,825,000		52,825,000
2009 Refunding	3.0% - 5.38%	2010	2031	57,860,000		57,860,000		57,860,000
Measure J, Series D1	6.56%	2010	2024	25,000,000		25,000,000		25,000,000
Measure J, Series D2	6.80% - 6.81%	2010	2036	2,499,949		2,499,949		2,499,949
				<u>\$ 869,132,191</u>	<u>\$ 636,220,231</u>	<u>\$ 190,269,708</u>	<u>\$ 68,267,117</u>	<u>\$ 758,222,822</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, 2010, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,040,000	\$ 1,116,999	\$ 2,156,999
2012	1,110,000	1,066,349	2,176,349
2013	1,160,000	1,011,441	2,171,441
2014	1,225,000	953,335	2,178,335
2015	1,295,000	890,880	2,185,880
2016-2020	7,605,000	3,346,480	10,951,480
2021-2025	7,110,000	1,041,276	8,151,276
2026	<u>100,000</u>	<u>2,875</u>	<u>102,875</u>
	<u>\$ 20,645,000</u>	<u>\$ 9,429,635</u>	<u>\$ 30,074,635</u>

The annual requirements to amortize the 2001 Refunding Measure E, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2010, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 360,000	\$ 438,110	\$ 798,110
2012	380,000	419,768	799,768
2013	395,000	399,844	794,844
2014	425,000	378,785	803,785
2015	445,000	355,855	800,855
2016-2020	2,685,000	1,354,550	4,039,550
2021-2025	<u>2,860,000</u>	<u>442,050</u>	<u>3,302,050</u>
	<u>\$ 7,550,000</u>	<u>\$ 3,788,962</u>	<u>\$ 11,338,962</u>

The annual requirements to amortize the 2001 Measure M, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2010, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	<u>\$ 885,000</u>	<u>\$ 18,500</u>	<u>\$ 903,500</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, 2010, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 2,320,000	\$ 4,073,363	\$ 6,393,363
2012	2,415,000	3,978,663	6,393,663
2013	2,490,000	3,880,563	6,370,563
2014	2,570,000	3,779,363	6,349,363
2015	2,660,000	3,674,763	6,334,763
2016-2020	14,860,000	16,371,469	31,231,469
2021-2025	18,190,000	12,144,675	30,334,675
2026-2030	22,730,000	7,054,250	29,784,250
2031-2033	<u>16,430,000</u>	<u>1,258,000</u>	<u>17,688,000</u>
	<u>\$ 84,665,000</u>	<u>\$ 56,215,109</u>	<u>\$ 140,880,109</u>

The annual requirements to amortize the 2002 Measure D, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2010, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 725,000	\$ 1,258,039	\$ 1,983,039
2012	750,000	1,226,695	1,976,695
2013	780,000	1,194,183	1,974,183
2014	810,000	1,160,395	1,970,395
2015	845,000	1,125,226	1,970,226
2016-2020	4,815,000	5,004,585	9,819,585
2021-2025	6,085,000	3,669,375	9,754,375
2026-2030	7,800,000	1,942,500	9,742,500
2031-2032	<u>3,715,000</u>	<u>188,125</u>	<u>3,903,125</u>
	<u>\$ 26,325,000</u>	<u>\$ 16,769,123</u>	<u>\$ 43,094,123</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, 2010, are as follows:

Year Ended June 30,	Principal	Interest	Total
2011	\$ 2,360,000	\$ 4,159,115	\$ 6,519,115
2012	2,455,000	4,041,690	6,496,690
2013	2,555,000	3,929,215	6,484,215
2014	2,640,000	3,825,315	6,465,315
2015	2,735,000	3,717,815	6,452,815
2016-2020	15,360,000	16,705,620	32,065,620
2021-2025	18,855,000	12,552,375	31,407,375
2026-2030	23,520,000	7,280,500	30,800,500
2031-2033	<u>16,940,000</u>	<u>1,297,000</u>	<u>18,237,000</u>
	<u>\$ 87,420,000</u>	<u>\$ 57,508,645</u>	<u>\$ 144,928,645</u>

The annual requirements to amortize the 2005 Measure D, Series C, Current Interest General Obligation Bonds Payable, outstanding as of June 30, 2010, are as follows:

Year Ended June 30,	Principal	Interest	Total
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	905,000	1,680,898	2,585,898
2015	950,000	1,642,610	2,592,610
2016-2020	5,435,000	7,570,978	13,005,978
2021-2025	6,920,000	6,115,731	13,035,731
2026-2030	8,950,000	4,066,250	13,016,250
2031-2035	<u>11,605,000</u>	<u>1,511,375</u>	<u>13,116,375</u>
	<u>\$ 37,225,000</u>	<u>\$ 27,835,636</u>	<u>\$ 65,060,636</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, 2010, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 470,644	\$ 184,356	\$ 655,000
2012	567,683	267,317	835,000
2013	656,115	363,885	1,020,000
2014	739,473	475,527	1,215,000
2015	814,828	600,172	1,415,000
2016-2020	4,294,331	4,545,669	8,840,000
2021-2025	6,073,925	10,466,075	16,540,000
2026-2030	7,070,704	18,269,296	25,340,000
2031-2035	<u>8,529,753</u>	<u>32,075,247</u>	<u>40,605,000</u>
	<u>\$ 29,217,456</u>	<u>\$ 67,247,544</u>	<u>\$ 96,465,000</u>

The annual requirements to amortize the 2006 Measure D, Series D, Capital Appreciation General Obligation Bonds Payable, outstanding as of June 30, 2010, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	2,527,733	952,267	3,480,000
2015	2,719,715	1,215,285	3,935,000
2016-2020	17,645,275	12,759,725	30,405,000
2021-2025	19,796,145	24,758,855	44,555,000
2026-2030	22,018,522	42,601,478	64,620,000
2031-2035	<u>26,110,024</u>	<u>73,614,974</u>	<u>99,724,998</u>
	<u>\$ 96,670,658</u>	<u>\$ 157,954,340</u>	<u>\$ 254,624,998</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, 2010, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,045,000	\$ 2,979,903	\$ 4,024,903
2012		2,959,003	2,959,003
2013		2,959,003	2,959,003
2014	545,000	2,948,103	3,493,103
2015	1,710,000	2,903,003	4,613,003
2016-2020	9,630,000	13,368,311	22,998,311
2021-2025	11,875,000	10,910,188	22,785,188
2026-2030	14,780,000	7,598,250	22,378,250
2031-2035	18,510,000	3,455,000	21,965,000
2036	<u>4,230,000</u>	<u>105,750</u>	<u>4,335,750</u>
	<u>\$ 62,325,000</u>	<u>\$ 50,186,514</u>	<u>\$112,511,514</u>

The annual requirements to amortize the 2009 Measure J, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2010, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011		\$ 6,656,375	\$ 6,656,375
2012		6,656,375	6,656,375
2013		6,656,375	6,656,375
2014		6,656,375	6,656,375
2015		6,656,375	6,656,375
2016-2020	\$ 8,825,000	32,142,250	40,967,250
2021-2025	16,900,000	28,442,625	45,342,625
2026-2030	34,700,000	20,650,688	55,350,688
2031-2035	35,500,000	10,504,688	46,004,688
2036	<u>19,100,000</u>	<u>537,188</u>	<u>19,637,188</u>
	<u>\$115,025,000</u>	<u>\$125,559,314</u>	<u>\$240,584,314</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 2010 Measure J, Series C, General Obligation Bonds Payable, outstanding as of June 30, 2010, are as follows:

Year Ended June 30,	Principal	Interest	Total
2016-2020	\$ 3,902,594	\$ 7,192,406	\$ 11,095,000
2021-2025	8,488,143	13,646,857	22,135,000
2026-2030	22,694,783	53,955,217	76,650,000
2031-2034	<u>16,999,239</u>	<u>63,950,761</u>	<u>80,950,000</u>
	<u>\$ 52,084,759</u>	<u>\$138,745,241</u>	<u>\$190,830,000</u>

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

Year Ended June 30,	Principal	Interest	Total
2011		\$ 4,468,995	\$ 4,468,995
2012		4,468,995	4,468,995
2013		4,468,995	4,468,995
2014		4,468,995	4,468,995
2015		4,468,995	4,468,995
2016-2020		22,344,975	22,344,975
2021-2025		22,344,975	22,344,975
2026-2030		22,344,975	22,344,975
2031-2035	<u>\$ 52,825,000</u>	<u>18,342,338</u>	<u>71,167,338</u>
	<u>\$ 52,825,000</u>	<u>\$107,722,238</u>	<u>\$160,547,238</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 2009 Measure J and M, General Obligation Bonds Refund outstanding as of June 30, 2010, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 3,990,000	\$ 2,272,856	\$ 6,262,856
2012	3,915,000	2,143,456	6,058,456
2013	3,600,000	2,019,906	5,619,906
2014	4,575,000	1,878,331	6,453,331
2015	5,120,000	1,690,656	6,810,656
2016-2020	27,615,000	4,302,575	31,917,575
2021-2025	3,145,000	1,934,784	5,079,784
2026-2030	3,990,000	1,058,263	5,048,263
2031-2032	<u>1,910,000</u>	<u>104,006</u>	<u>2,014,006</u>
	<u>\$ 57,860,000</u>	<u>\$ 17,404,833</u>	<u>\$ 75,264,833</u>

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011		\$ 172,545	\$ 172,545
2012		286,250	286,250
2013		286,250	286,250
2014		286,250	286,250
2015		286,250	286,250
2016-2020		1,431,250	1,431,250
2021-2025	<u>\$ 25,000,000</u>	<u>1,090,613</u>	<u>26,090,613</u>
	<u>\$ 25,000,000</u>	<u>\$ 3,839,408</u>	<u>\$ 28,839,408</u>

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

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2036-2037	<u>\$ 2,499,949</u>	<u>\$ 31,320,051</u>	<u>\$ 33,820,000</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

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>
2011	\$ 455,000	\$ 469,007	\$ 924,007
2012	475,000	447,577	922,577
2013	500,000	424,967	924,967
2014	525,000	400,867	925,867
2015	555,000	375,352	930,352
2016-2020	3,205,000	1,434,204	4,639,204
2021-2024	<u>3,630,000</u>	<u>511,395</u>	<u>4,141,395</u>
	<u>\$ 9,345,000</u>	<u>\$ 4,063,369</u>	<u>\$ 13,408,369</u>

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>
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	1,317,539	104,063	1,421,602
2015	1,337,723	83,879	1,421,602
2016-2018	<u>4,137,389</u>	<u>127,412</u>	<u>4,264,801</u>
	<u>\$ 10,627,181</u>	<u>\$ 745,630</u>	<u>\$ 11,372,811</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

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:

Year Ending June 30,	Total Payments
2011	\$ 1,000,000
2012	<u>872,000</u>
Total payments	<u><u>\$ 1,872,000</u></u>

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.

Year Ending June 30,	Total Payments
2011	\$ 425,000
2012	1,242,000
2013	625,000
2014	625,000
2015	625,000
2016	<u>625,000</u>
	4,167,000
Less amount representing interest	<u>(233,848)</u>
Total payments	<u><u>\$ 3,933,152</u></u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

6. LONG-TERM LIABILITIES (Continued)

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, 2010 is \$223,871. 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>
2011	\$ 97,524
2012	97,524
2013	<u>28,823</u>
Total payments	<u>\$ 223,871</u>

Schedule of Changes in Long-Term Liabilities

A schedule of changes in long-term liabilities for the year ended June 30, 2010 is shown below:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2010</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
General Obligation Bonds	\$ 636,220,231	\$ 190,269,708	\$ 68,267,117	\$ 758,222,822	\$ 15,395,830
General Obligation Bonds Premium	7,289,215	9,978,438	621,750	16,645,903	
Accreted interest	28,681,797	10,501,132		39,182,929	
Certificates of Participation	9,780,000		435,000	9,345,000	455,000
Emergency Apportionment Loan	11,866,981		1,239,800	10,627,181	1,258,794
Voluntary Integration Plan	2,872,000		1,000,000	1,872,000	1,000,000
Computer equipment acquisition loan	4,067,566		134,414	3,933,152	357,120
Child care facilities loan	321,395		97,524	223,871	97,524
OPEB Obligation	50,747,951	44,531,861	16,364,564	78,915,248	
Compensated absences	<u>3,435,034</u>		<u>495,755</u>	<u>2,939,279</u>	
Total	<u>\$ 755,282,170</u>	<u>\$ 255,281,139</u>	<u>\$ 88,655,924</u>	<u>\$ 921,907,385</u>	<u>\$ 18,564,268</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 (Continued)

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 and computer equipment acquisition loan are made from the General Fund. Payments on the child care facilities acquisition loan are made from the Child Development Fund. Payments on the OPEB obligation are made from the Retiree Benefits Trust 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, 2010:

	<u>Governmental Activities</u>	<u>Fiduciary Funds</u>
Restricted for revolving cash	\$ 70,000	
Restricted for prepaid expenses	10,626,041	
Restricted for stores inventory	701,448	
Restricted for unspent categorical program revenues	25,612,527	
Restricted for future payment of self-insured claims	1,758,844	
Restricted for special revenues	10,764,569	
Restricted for debt service	38,745,510	
Restricted for capital projects	170,041,507	
Restricted for retiree benefits	<u> </u>	\$ <u>11,799,133</u>
Total restricted net assets	<u><u>\$258,320,446</u></u>	<u><u>\$ 11,799,133</u></u>

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).

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

8. EMPLOYEE RETIREMENT SYSTEMS (Continued)

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 7.0% 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 2009-2010 was 9.709% 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, 2008, 2009 and 2010 were \$3,738,408, \$3,669,145 and \$3,343,635, 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, 100 Waterfront Place, West Sacramento, California 95605.

Funding Policy

Active plan members are required to contribute 8.0% of their salary. The required employer contribution rate for fiscal year 2009-2010 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, 2008, 2009 and 2010 were \$9,928,367, \$9,485,900 and \$8,846,010, respectively, and equal 100% of the required contributions for each year.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9. OTHER POSTEMPLOYMENT 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, 2010, a total of 2,395 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.

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	\$ 44,271,276
Interest on net OPEB obligation	1,883,979
Adjustment to annual required contribution	<u>(1,623,394)</u>
Annual OPEB cost	44,531,861
Contributions made	<u>(16,364,564)</u>
Increase in net OPEB obligation	28,167,297
Net OPEB obligation - beginning of year	<u>50,747,951</u>
Net OPEB obligation - end of year	<u>\$ 78,915,248</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

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, 2010 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	\$ 39,986,982	37.2%	\$ 24,469,980
June 30, 2009	\$ 41,403,868	36.5%	\$ 50,747,951
June 30, 2010	\$ 44,531,861	56.4%	\$ 78,915,248

Funded Status and Funding Progress

As of June 30, 2007, the most recent actuarial valuation date, the plan was unfunded. The actuarial liability for benefits was \$522,937,719 and the actuarial value of assets was \$0, resulting in a unfunded actuarial accrued liability (UAAL) of \$522,937,719. However, the District has set aside \$11,799,133 in the Retiree Benefits Trust Fund for future payment of these benefits. No current employees are covered by the Plan.

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.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

9. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

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, 2010, was 28 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, 2010:

Total assets	\$	97,277,482
Total liabilities	\$	72,699,996
Total net assets	\$	24,577,486
Total revenues	\$	44,125,911
Total expenses	\$	44,207,706
Change in net assets	\$	(81,795)

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, 2010:

Total assets	\$	53,768,412
Total liabilities	\$	33,726,756
Total net assets	\$	20,041,656
Total revenues	\$	37,856,693
Total expenses	\$	29,885,518
Change in net assets	\$	7,971,175

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.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

(Continued)

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 EVENTS

The District has reviewed all events occurring from June 30, 2010 through December 10, 2010, the date the financial statements were issued. No subsequent events occurred requiring accrual or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended June 30, 2010

	Budget		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues:				
Revenue limit sources:				
State apportionment	\$ 81,689,207	\$ 82,799,754	\$ 84,035,526	\$ 1,235,772
Local sources	<u>67,327,449</u>	<u>59,405,992</u>	<u>58,284,551</u>	<u>(1,121,441)</u>
Total revenue limit	<u>149,016,656</u>	<u>142,205,746</u>	<u>142,320,077</u>	<u>114,331</u>
Federal sources	30,618,614	40,458,174	31,062,400	(9,395,774)
Other state sources	61,563,405	62,769,959	63,976,273	1,206,314
Other local sources	<u>18,756,038</u>	<u>19,695,408</u>	<u>20,199,980</u>	<u>504,572</u>
Total revenues	<u>259,954,713</u>	<u>265,129,287</u>	<u>257,558,730</u>	<u>(7,570,557)</u>
Expenditures:				
Certificated salaries	117,976,617	114,419,629	110,694,305	3,725,324
Classified salaries	39,707,757	38,950,426	37,823,881	1,126,545
Employee benefits	71,645,006	64,441,281	60,199,786	4,241,495
Books and supplies	10,842,962	26,148,173	9,912,409	16,235,764
Contract services and operating expenditures	35,857,886	49,303,113	43,130,953	6,172,160
Capital outlay	881,858	4,116,320	1,248,554	2,867,766
Other outgo	60,000	60,000	33,137	26,863
Debt service:				
Principal retirement	2,060,000	2,882,800	2,374,214	508,586
Interest	<u>489,278</u>	<u>671,080</u>	<u>241,250</u>	<u>429,830</u>
Total expenditures	<u>279,521,364</u>	<u>300,992,822</u>	<u>265,658,489</u>	<u>35,334,333</u>
Deficiency of revenues under expenditures	<u>(19,566,651)</u>	<u>(35,863,535)</u>	<u>(8,099,759)</u>	<u>27,763,776</u>
Other financing sources (uses):				
Operating transfers in	1,000,000	4,500,000	1,731,887	(2,768,113)
Operating transfers out	<u>(812,680)</u>	<u>(797,647)</u>	<u>(926,928)</u>	<u>(129,281)</u>
Total other financing sources (uses)	<u>187,320</u>	<u>3,702,353</u>	<u>804,959</u>	<u>(2,897,394)</u>
Net change in fund balance	(19,379,331)	(32,161,182)	(7,294,800)	24,866,382
Fund balance, July 1, 2009	<u>48,346,747</u>	<u>48,346,747</u>	<u>48,346,747</u>	
Fund balance, June 30, 2010	<u>\$ 28,967,416</u>	<u>\$ 16,185,565</u>	<u>\$ 41,051,947</u>	<u>\$ 24,866,382</u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS (OPEB)
FUNDING PROGRESS

For the Year Ended June 30, 2010

Schedule of Funding Progress							
Fiscal Year Ended	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll*	UAAL as a Percentage of Covered Payroll*
6/30/2008	June 30, 2007	\$0	\$496 million	\$496 million	0%	\$0	0%
6/30/2009	June 30, 2007	\$0	\$496 million	\$496 million	0%	\$0	0%
6/30/2010	June 30, 2007	\$9.2 million	\$523 million	\$513.8 million	0%	\$0	0%

* No current employees are covered by the Plan.

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

SUPPLEMENTARY INFORMATION

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

COMBINING BALANCE SHEET

ALL NON-MAJOR FUNDS

June 30, 2010

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve for Other Than Capital Outlay Projects Fund	Capital Facilities Fund	County School Facilities Fund	Corporation Debt Service Fund	Debt Service Fund	Total
ASSETS										
Cash in County Treasury	\$ 454,424	\$ 287,077	\$ 73,867	\$ 1,153,818	\$ 1,002,196	\$ 3,800,521	\$ 45,545	\$ 10,115	\$ 4,707,164	\$ 11,534,727
Cash awaiting deposit			1,050							1,050
Cash on hand and in banks	172,087		17,489							189,576
Cash with Fiscal Agent						472,924		1,276,876		1,749,800
Investments	3,186				5,294,473	1,150,746			4,263,732	10,712,137
Accounts receivable	1,203,134	132,588	1,727,697	2,668	6,329	5,936	963		7,749	3,087,064
Stores inventory			441,016							441,016
Total assets	\$ 1,832,831	\$ 419,665	\$ 2,261,119	\$ 1,156,486	\$ 6,302,998	\$ 5,430,127	\$ 46,508	\$ 1,286,991	\$ 8,978,645	\$ 27,715,370
LIABILITIES AND FUND BALANCES										
Liabilities:										
Accounts payable	\$ 157,739	\$ 124,167	\$ 370,973	\$ 51,242		\$ 704,678				\$ 1,408,799
Deferred revenue		63,393								63,393
Total liabilities	157,739	187,560	370,973	51,242		704,678				1,472,192
Fund balances	1,675,092	232,105	1,890,146	1,105,244	\$ 6,302,998	4,725,449	\$ 46,508	\$ 1,286,991	\$ 8,978,645	26,243,178
Total liabilities and fund balances	\$ 1,832,831	\$ 419,665	\$ 2,261,119	\$ 1,156,486	\$ 6,302,998	\$ 5,430,127	\$ 46,508	\$ 1,286,991	\$ 8,978,645	\$ 27,715,370

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, 2010

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve for Other Than Capital Outlay Projects Fund	Capital Facilities Fund	County School Facilities Fund	Corporation Debt Service Fund	Debt Service Fund	Total
Revenues:										
Federal sources	\$ 326,556	\$ 240,411	\$ 9,839,900							\$ 10,406,867
Other state sources	3,805,481	2,529,258	795,312	\$ 1,094,508			\$ 570,548			8,795,107
Other local sources	424,688	239,441	1,248,917	14,297	\$ 8,539	\$ 652,237	5,450	\$ 21	\$ 36,705	2,630,295
Total revenues	4,556,725	3,009,110	11,884,129	1,108,805	8,539	652,237	575,998	21	36,705	21,832,269
Expenditures:										
Certificated salaries	1,549,568	1,204,375								2,753,943
Classified salaries	560,423	690,069	4,007,315							5,257,807
Employee benefits	547,747	685,875	1,561,319							2,794,941
Books and supplies	64,157	49,506	4,474,579	3,746		204				4,592,192
Contract services and operating expenditures	275,662	89,237	446,087	669,456		386,077				1,866,519
Capital outlay	10,116	10,116	298,243	74,408		409,799	1,141,095			1,943,777
Debt service:										
Principal retirement		97,524						435,000		532,524
Interest								491,949		491,949
Total expenditures	3,007,673	2,826,702	10,787,543	747,610		796,080	1,141,095	926,949		20,233,652
Excess (deficiency) of revenues over (under) expenditures	1,549,052	182,408	1,096,586	361,195	8,539	(143,843)	(565,097)	(926,928)	36,705	1,598,617
Other financing sources (uses):										
Operating transfers in					6,000,000		570,548	926,928		7,497,476
Operating transfers out	(3,118,988)	(140,065)	(472,834)	(4,000,000)						(7,731,887)
Total other financing sources (uses)	(3,118,988)	(140,065)	(472,834)	(4,000,000)	6,000,000		570,548	926,928		(234,411)
Net change in fund balances	(1,569,936)	42,343	623,752	(3,638,805)	6,008,539	(143,843)	5,451		36,705	1,364,206
Fund balances, July 1, 2009	3,245,028	189,762	1,266,394	4,744,049	294,459	4,869,292	41,057	1,286,991	8,941,940	24,878,972
Fund balances, June 30, 2010	\$ 1,675,092	\$ 232,105	\$ 1,890,146	\$ 1,105,244	\$ 6,302,998	4,725,449	\$ 46,508	\$ 1,286,991	\$ 8,978,645	\$ 26,243,178

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

ORGANIZATION

June 30, 2010

West Contra Costa Unified School District was established as the Richmond Unified School District on July 1, 1965, and, with the passage of AB 535, 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 five 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. Audrey Miles	Member	December 3, 2010
Mr. Antonio Medrano	Clerk	December 7, 2012
Mr. Charles Ramsey	Member	December 3, 2010
Ms. Madeline Kronenberg	President	December 3, 2010
Mr. Tony Thurmond	Member	December 7, 2012

ADMINISTRATION

Bruce Harter, Ph.D.
Superintendent of Schools

Wendell Greer
Associate Superintendent, K-12

Bill Fay
Associate Superintendent for Operations

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, 2010

	Original Second Period Report	Audited Second Period Report	Annual Report
	<u> </u>	<u> </u>	<u> </u>
Elementary:			
Kindergarten	2,275	2,278	2,286
First through Third	6,878	6,899	6,888
Fourth through Eighth	9,752	9,755	9,728
Home and Hospital	4	4	3
Special Education	834	824	826
Non Public Schools	3	3	3
Community Day School	15	15	18
Opportunity Schools	<u>3</u>	<u>3</u>	<u>2</u>
Total Elementary	<u>19,764</u>	<u>19,781</u>	<u>19,754</u>
Secondary:			
Regular Classes	6,892	6,888	6,806
Special Education	568	562	559
Compulsory Continuation Education	288	322	292
Community Day School	12	43	45
Home and Hospital	8	9	9
Non Public Schools	<u>9</u>	<u>9</u>	<u>9</u>
Total Secondary	<u>7,777</u>	<u>7,833</u>	<u>7,720</u>
	<u><u>27,541</u></u>	<u><u>27,614</u></u>	<u><u>27,474</u></u>

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF INSTRUCTIONAL TIME

For the Year Ended June 30, 2010

<u>Grade Level</u>	<u>1986-87 Minutes Require- ment</u>	<u>1982-83 Actual Minutes</u>	<u>2009-10 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	50,439	180	In Compliance
Grade 2	50,400	45,160	50,439	180	In Compliance
Grade 3	50,400	45,160	50,439	180	In Compliance
Grade 4	54,000	45,160	54,019	180	In Compliance
Grade 5	54,000	45,160	54,019	180	In Compliance
Grade 6	54,000	45,160	54,019	180	In Compliance
Grade 7	54,000	45,160	55,460	180	In Compliance
Grade 8	54,000	45,160	55,460	180	In Compliance
Grade 9	64,800	52,898	64,862	180	In Compliance
Grade 10	64,800	52,898	64,862	180	In Compliance
Grade 11	64,800	52,898	64,862	180	In Compliance
Grade 12	64,800	52,898	64,862	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, 2010

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U. S. Department of Education - Passed through California Department of Education</u>			
	Special Education Cluster:		
84.027	Special Education IDEA: Basic Local Assistance Entitlement, Part B, Sec. 611 (Formerly 94-142)	13379	\$ 5,818,834
84.027	Special Education IDEA: Local Assistance Part B, Sec 611 Private School ISPs	10115	47,879
84.027	Special Education - Alternative Dispute Resolution, Part B, Sec. 611	13007	15,000
84.027A	Special Education IDEA: Preschool Local Entitlement, Part B, Sec. 611 (Age 3-5)	13682	574,810
84.027A	Special Education IDEA: Local Staff Development Grants, Part B, Sec. 611	13613	1,854
84.173	Special Education IDEA: Preschool Grant, Part B, Sec 619 (Age 3-4-5)	13430	289,256
84.391	Special Ed: ARRA IDEA Part B, Sec 611, Local Assistance Private School ISPs	10123	58,635
84.391	Special Ed: ARRA IDEA Part B, Sec 611, Basic Local Assistance	15003	2,748,164
84.391	Special Ed: ARRA IDEA Part B, Sec 611, Preschool Local Entitlement	15002	263,341
84.392	Special Ed: ARRA IDEA Part B, Sec 619, Preschool Grants	15000	<u>79,587</u>
	Subtotal Special Education Cluster		<u>9,897,360</u>
	Title I, Part A Cluster:		
84.010	NCLB: Title I, Part A, Basic Grants Low Income and Neglected	14329	8,202,445
84.010	NCLB: Title I, School Improvement Grant (SIG) for QEIA Schools	15123	235,768
84.010	NCLB: Title I, Part A, Program Improvement District Intervention	14956	1,717,991
84.389	NCLB: ARRA Title I, School Improvement Grant (SIG) for QEIA Schools	15004	56,343
84.389	NCLB: ARRA Title I, Part A, Basic Grants Low Income and Neglected	15005	<u>951,609</u>
	Subtotal Title I, Part A Cluster		<u>11,164,156</u>

(Continued)

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2010

Federal Catalog Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Education - Passed through California Department of Education (Continued)</u>			
84.216	NCLB: Title I, Capital Expenses/Private Schools	13953	\$ 6,500
84.357	NCLB: Title I, Part B, Reading First Program	14328	331,855
84.366	NCLB: Title II, Part B, CA Mathematics and Science Partnerships	14341	116,425
84.318	NCLB: Title II, Improving Teacher Quality	14341	2,415,395
84.318	NCLB: Title II, Part D, Enhancing Education Through Technology (EETT), Formula Grants	14334	94,615
84.367	NCLB: Title II, Administrator Training	14344	9,087
84.365	NCLB: Title III, Limited English Proficiency (LEP) Student Program	10084	836,803
84.186	NCLB: Title IV, Safe and Drug Free Schools and Communities, Formula Grants	14347	139,134
84.287	NCLB: Title IV, 21st Century Community Centers Learning Program	14350	1,917,080
84.215K	FIE Earmark Grant	14307	41,342
84.181	Special Education IDEA: Early Intervention Grants, Part C	23761	83,664
84.048	Vocational Programs: Voc. and Applied Tech. Prep, Title II, Sec. 203 (Carl Perkins Act)	13920	280,595
84.196	Homeless Children Education (Stewart McKinney) Grants	13697	51,754
84.330	Advanced Placement Test Fee	13917	476,074
84.126A	Department of Rehabilitation: Workability II, Transitions Partnership	10006	192,749
84.002A	Adult Education: Adult Basic Education and ESL	13973	216,852
84.002A	Adult Education: Adult Secondary Education	13978	28,501
84.002A	Adult Education: English Literacy and Civics Education	14109	51,566
84.002A	Adult Education: Voc. and Applied Tech Education	14109	29,637
84.394	ARRA: State Fiscal Stabilization Fund	25008	<u>9,028,499</u>
Total U.S. Department of Education			<u>37,409,643</u>
<u>U.S. Department of Health and Human Services - Passed through California Department of Education</u>			
93.778	Department of Health Services: Medi-Cal Billing Option (DHS)	10013	460,560
94.004	CalServe - Learn and Serve America Service Grants	13161	10,276
VARIOUS	Other ARRA Programs - Dept of Rehabilitation	10130	<u>4,165</u>
Total U.S. Department of Health and Human Services			<u>475,001</u>

(Continued)

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
(Continued)
For the Year Ended June 30, 2010

<u>Federal Catalog Number</u>	<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Agriculture - Passed through California Department of Education</u>			
	Child Nutrition Cluster:		
10.555	School Programs (NSL Sec. 4)	13391	\$ 10,371,949
10.559	School Programs (Summer Food Service)	13004	681,119
	Subtotal Child Nutrition Cluster		11,053,068
10.579	Child Nutrition: ARRA Equipment Assistance Grants	15006	202,416
	Total U.S. Department of Agriculture		11,255,484
	Total Federal Programs		\$ 49,140,128

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, 2010

There were no 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, 2010
(In Thousands)**

	(Budget)			
	2011	2010	2009	2008
<u>General Fund</u>				
Revenues and other financing sources	\$ 250,709	\$ 259,290	\$ 284,127	\$ 287,774
Expenditures	254,372	265,658	280,826	286,437
Other uses and transfers out	<u> </u>	<u> 927</u>	<u> 796</u>	<u> 3,551</u>
Total outgo	<u>254,372</u>	<u>266,585</u>	<u>281,622</u>	<u>289,988</u>
Change in fund balance	<u>\$ (3,663)</u>	<u>\$ (7,295)</u>	<u>\$ 2,507</u>	<u>\$ (2,214)</u>
Ending fund balance	<u>\$ 37,389</u>	<u>\$ 41,052</u>	<u>\$ 48,347</u>	<u>\$ 45,840</u>
Available reserves	<u>\$ 11,930</u>	<u>\$ 15,109</u>	<u>\$ 19,282</u>	<u>\$ 20,360</u>
Designated for economic uncertainties	<u>\$ 7,631</u>	<u>\$ 7,976</u>	<u>\$ 8,421</u>	<u>\$ 9,000</u>
Undesignated fund balance	<u>\$ 4,299</u>	<u>\$ 7,133</u>	<u>\$ 10,861</u>	<u>\$ 11,360</u>
Available reserves as percentages of total outgo	<u>3.00%</u>	<u>6.00%</u>	<u>6.85%</u>	<u>7.02%</u>
<u>All Funds</u>				
Total long-term liabilities	<u>\$ 903,343</u>	<u>\$ 921,907</u>	<u>\$ 755,480</u>	<u>\$ 608,079</u>
Average daily attendance at P-2 (not in thousands)	<u>27,443</u>	<u>27,614</u>	<u>28,094</u>	<u>28,178</u>

The General Fund fund balance has decreased by \$7,002 over the past three years. The fiscal year 2010-2011 budget projects a decrease of \$3,663. 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 deficits in two of the past three years, and anticipates incurring an operating deficit during the 2010-2011 fiscal year.

Total long-term liabilities have increased by \$313,828 over the past two years, due primarily to the issuance of General Obligation Bonds (See Note 6 to the financial statements).

Average daily attendance has decreased by 564 over the past two years. The District anticipates a decrease of 171 ADA for the 2010-2011 fiscal year.

See accompanying notes to
supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

SCHEDULE OF CHARTER SCHOOLS

For the Year Ended June 30, 2010

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

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.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures and Change in Fund Balances and the related expenditures reported on the Schedule of Expenditure of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues that have not been expended by June 30, 2010.

Description	CFDA Number	Amount
Total Federal revenues, Statement of Revenues, Expenditures and Change in Fund Balances		\$ 42,112,306
Add: State Fiscal Stabilization Funds spent from prior year awards	84.394	7,625,453
Less: Medi-Cal Billing Funds not spent	93.778	<u>(597,631)</u>
Total Schedule of Expenditure of Federal Awards		<u>\$ 49,140,128</u>

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.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

NOTES TO SUPPLEMENTARY INFORMATION

(Continued)

1. PURPOSE OF SCHEDULES (Continued)

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 2010-2011 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.

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, 2010, 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, 2010. 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
Instructional Time:		
School Districts	6	Yes
County Offices of Education	3	No, see below
Instructional Materials:		
General requirements	12	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 Accountability Report Card	3	No, see below
Public Hearing Requirement - Receipt of Funds	1	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

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

(Continued)

<u>Description</u>	<u>Audit Guide Procedures</u>	<u>Procedures Performed</u>
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 the Instructional Time for County Offices of Education because the District is not a County Office of Education.

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

The 2009-2010 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, 2010. Accordingly, we could not perform the portions of audit steps (a), (b) and (c) of Section 19837 of the 2009-2010 Audit Guide relating to the comparison of tested data from the 2009-2010 fiscal year to the 2009-2010 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, 2010, 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.

West Contra Costa Unified School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

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

(Continued)

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 10, 2010

**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, 2010, and have issued our report thereon dated December 10, 2010. 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

West Contra Costa Unified School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

**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)

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 US

Sacramento, California
December 10, 2010

**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, 2010. 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, 2010. However, we noted immaterial instances of non-compliance as described in the Schedule of Audit Findings and Questioned Costs section of this report.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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 over compliance that might be deficiencies, 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.

West Contra Costa Unified School District's response to the finding identified in our audit is included in the accompanying Schedule of Audit Findings and Questioned Costs. We did not audit the District's response and, accordingly, express no opinion on it.

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 LP

Sacramento, California
December 10, 2010

FINDINGS AND RECOMMENDATIONS

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2010

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: Qualified

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.010, 84.389	Title I, Part A Cluster
84.027, 84.173, 84.391, 84.392	Special Education Cluster (IDEA)
10.555, 10.559	Child Nutrition Cluster
10.579	Child Nutrition: ARRA Equipment Assistance Grants
84.394	ARRA: State Fiscal Stabilization Fund

Dollar threshold used to distinguish between Type A
and Type B programs: \$ 1,474,204

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, 2010

SECTION II - FINANCIAL STATEMENT FINDINGS

1. INTERNAL CONTROL - COMPENSATED ABSENCES (30000)

Criteria

Internal Controls - Best practices for internal controls and District policies and procedures.

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.

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 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, 2010

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

2. FEDERAL COMPLIANCE

Criteria

OMB Circular A-133 – Except for interest earned on advances of funds exempt under the Intergovernmental Cooperation Act (31 USC 6501 et seq.) and the Indian Self-Determination Act (23 USC 450), interest earned by local government and Indian tribal government grantees and subgrantees on advances is required to be submitted promptly, but at least quarterly, to the Federal agency which issued the grant or award.

Condition

The District did not calculate or remit the interest earned on federal programs to the federal agency for the Child Nutrition (ARRA) Equipment Assistance program.

Effect

Not determinable.

Cause

Standard procedure to calculate and submit quarterly interest payments to the federal agency is not implemented.

Fiscal Impact

Not determinable.

Recommendation

The District should implement procedures to ensure that the interest on all federal awards is being calculated and remitted to the federal agency quarterly.

Corrective Action Plan

The District has implemented a policy to calculate and remit the interest on all federal awards quarterly.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended June 30, 2010

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, Section 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 Hercules High School one student was improperly counted as present for one day.

Effect

The effect of this finding is an extrapolated overstatement of .46 ADA.

Cause

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

Fiscal Impact

The extrapolated effect of this finding is an overstatement of .46 ADA.

Recommendation

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

Corrective Action Plan

The District will ensure that attendance is correctly reported.

**STATUS OF PRIOR YEAR
FINDINGS AND RECOMMENDATIONS**

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
Year Ended June 30, 2010

Finding/Recommendation	Current Status	District Explanation If Not Implemented
<p>2009-1</p> <p>The District is not enforcing its vacation carryover policy. Employees have exceeded their maximum allowable vacation carryover.</p> <p>We recommend: 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.</p>	<p>Not implemented.</p>	<p>See current year finding # 1.</p>
<p>2009-2</p> <p>At El Cerrito High School one student was improperly counted as present for one day.</p> <p>At Ohlone Elementary one student was improperly counted as present for one day.</p> <p>We recommend: The District should implement procedures to ensure that attendance is correctly reported. Additionally, the District should revise and resubmit the Period Two Report of Attendance.</p>	<p>Partially implemented.</p>	<p>See current year finding # 2.</p>