

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

AUDIT REPORT
JUNE 30, 2017

San Diego

Los Angeles

San Francisco
Bay Area

christy  white
A PROFESSIONAL
ACCOUNTANCY CORPORATION *associates*

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
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FOR THE YEAR ENDED JUNE 30, 2017

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

Governing Board
West Contra Costa Unified School District
Richmond, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Contra Costa Unified School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the West Contra Costa Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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State Board of Accountancy

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of West Contra Costa Unified School District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2017 on our consideration of West Contra Costa Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Contra Costa Unified School District's internal control over financial reporting and compliance.

Christy White Associates

San Diego, California
December 14, 2017

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

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

Matthew Duffy
Superintendent of Schools

Christopher Mount-Benites
Associate Superintendent
Business Services

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of West Contra Costa Unified School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2017. It should be read in conjunction with the District's financial statements, which follow this section.

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

FINANCIAL HIGHLIGHTS

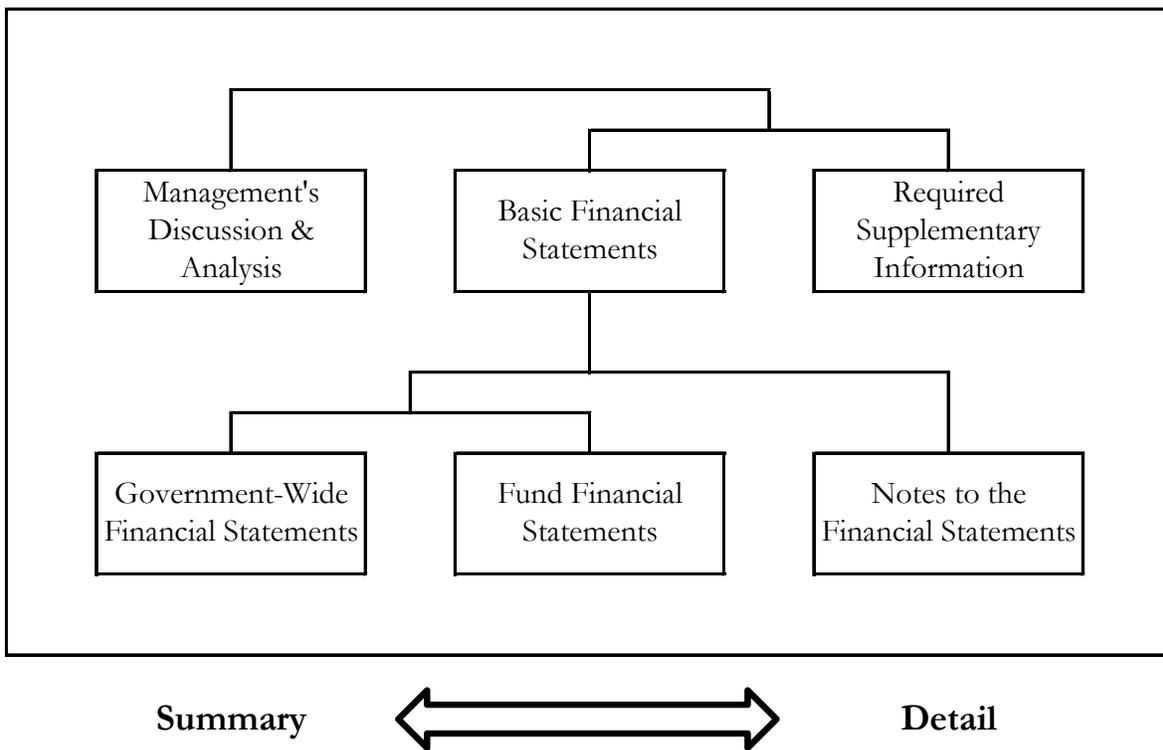
- The District's total net position was \$36,018,074 at June 30, 2017. This was an increase of \$21,001,789 from the prior year.
- Overall revenues were \$464,856,863 which was greater than expenses of \$443,855,074.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL HIGHLIGHTS (continued)

OVERVIEW OF FINANCIAL STATEMENTS

Components of the Financials Section



**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

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

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

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

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

Government-Wide Statements

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

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

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

Government-Wide Statements (continued)

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

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position

The District's net position was \$36,018,074 at June 30, 2017, as reflected in the table below. Of this amount, (\$383,742,911) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	Governmental Activities		
	2017	2016	Net Change
ASSETS			
Current and other assets	\$ 303,456,657	\$ 345,678,579	\$ (42,221,922)
Capital assets	1,358,376,768	1,319,057,551	39,319,217
Total Assets	1,661,833,425	1,664,736,130	(2,902,705)
DEFERRED OUTFLOWS OF RESOURCES	73,521,069	45,363,691	28,157,378
LIABILITIES			
Current liabilities	107,062,995	94,818,504	12,244,491
Long-term liabilities	1,565,906,052	1,577,375,583	(11,469,531)
Total Liabilities	1,672,969,047	1,672,194,087	774,960
DEFERRED INFLOWS OF RESOURCES	26,367,373	22,889,449	3,477,924
NET POSITION			
Net investment in capital assets	322,059,158	298,982,882	23,076,276
Restricted	97,701,827	101,524,720	(3,822,893)
Unrestricted	(383,742,911)	(385,491,317)	1,748,406
Total Net Position	\$ 36,018,074	\$ 15,016,285	\$ 21,001,789

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position

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

	Governmental Activities		
	2017	2016	Net Change
REVENUES			
Program revenues			
Charges for services	\$ 1,094,997	\$ 1,795,342	\$ (700,345)
Operating grants and contributions	83,168,426	51,316,794	31,851,632
Capital grants and contributions	2,740,139	2,717,094	23,045
General revenues			
Property taxes	186,146,561	174,926,381	11,220,180
Unrestricted federal and state aid	178,553,072	189,237,060	(10,683,988)
Other	13,153,668	37,136,845	(23,983,177)
Total Revenues	464,856,863	457,129,516	7,727,347
EXPENSES			
Instruction	195,649,449	195,356,294	293,155
Instruction-related services	55,657,055	52,220,305	3,436,750
Pupil services	56,706,606	51,494,252	5,212,354
General administration	29,070,016	33,625,322	(4,555,306)
Plant services	37,865,680	36,903,431	962,249
Ancillary and community services	7,762,749	6,997,615	765,134
Debt service	59,549,857	59,012,581	537,276
Other Outgo	723,508	739,981	(16,473)
Other	870,154	1,631	868,523
Total Expenses	443,855,074	436,351,412	7,503,662
Change in net position	21,001,789	20,778,104	223,685
Net Position - Beginning	15,016,285	(5,761,819)	20,778,104
Net Position - Ending	\$ 36,018,074	\$ 15,016,285	\$ 21,001,789

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)

Changes in Net Position (continued)

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

	Net Cost of Services	
	2017	2016
Instruction	\$ 155,803,430	\$ 181,305,493
Instruction-related services	45,040,049	39,428,079
Pupil services	33,639,008	29,391,149
General administration	27,373,909	31,802,404
Plant services	33,948,466	35,893,689
Ancillary and community services	3,775,743	2,991,927
Debt service	59,549,857	59,012,581
Transfers to other agencies	(3,149,104)	695,229
Other	870,154	1,631
Total Expenses	\$ 356,851,512	\$ 380,522,182

FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$253,431,353, which is less than last year's ending fund balance of \$309,409,831. The District's General Fund had \$3,051,500 less in operating revenues than expenditures for the year ended June 30, 2017. The District's Building Fund had \$54,377,700 less in operating revenues than expenditures for the year ended June 30, 2017. The District's Bond Interest and Redemption Fund had \$6,370,260 less in operating revenues than expenditures for the year ended June 30, 2017.

CURRENT YEAR BUDGET 2016-17

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By June 30, 2017, the District had invested \$1.36 billion (net of accumulated depreciation) 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 Note 4.

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

	Governmental Activities		
	2017	2016	Net Change
CAPITAL ASSETS			
Land	\$ 52,371,291	\$ 52,371,291	\$ -
Construction in progress	81,107,039	85,424,560	(4,317,521)
Land improvements	65,676,225	67,007,168	(1,330,943)
Buildings & improvements	1,475,509,115	1,410,410,090	65,099,025
Furniture & equipment	45,757,930	45,622,684	135,246
Accumulated depreciation	(362,044,832)	(341,778,242)	(20,266,590)
Total Capital Assets	\$ 1,358,376,768	\$ 1,319,057,551	\$ 39,319,217

Long-Term Debt

At year-end, the District had \$1.57 billion in long-term debt, a decrease of 0.73% from last year – as shown in the table below. The cause of the decrease in long term liabilities is largely due to payments made for General Obligation Bonds and funds placed in a trust for Other Post-Employment Benefits (OPEB). (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	Governmental Activities		
	2017	2016	Net Change
LONG-TERM LIABILITIES			
Total general obligation bonds	\$ 1,234,857,017	\$ 1,264,805,483	\$ (29,948,466)
Total certificates of participation	10,895,000	6,250,000	4,645,000
Compensated absences	2,823,727	3,963,118	(1,139,391)
Claims liability	500,000	500,000	-
Net OPEB obligation	93,151,706	111,166,497	(18,014,791)
Net pension liability	265,173,042	234,652,422	30,520,620
Less: current portion of long-term debt	(41,494,440)	(43,961,937)	2,467,497
Total Long-term Liabilities	\$ 1,565,906,052	\$ 1,577,375,583	\$ (11,469,531)

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

CAPITAL ASSET AND DEBT ADMINISTRATION (continued)

Long-Term Debt (continued)

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

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

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

Landmark legislation passed in Year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The District continues to analyze the impact of the LCFF on funding for our program offerings and services. The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low income brackets, those that are English language learners and foster youth. The State anticipates all school districts to reach the statewide targeted base funding levels by 2020-21 but the annual amount funded to meet the target is uncertain.

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

State revenues are estimated to increase modestly in 2017-18 but there is uncertainty about the State's long-term economic growth. According to the Legislative Analyst's Office, there are concerns about a possible mild recession. In addition, purchasing power has not been restored to pre-2007/08 levels for most school districts as added funding is going to pay for increases in CalPERS and CalSTRS rates increases and rising health care costs.

The District participates in state employee pensions plans, PERS and STRS, and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2017. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans continue to raise employer rates in future years and the increased costs are significant.

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

All of these factors were considered in preparing the District's budget for the 2017-18 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Business Office, Christopher Mount-Benites.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 280,564,840
Accounts receivable	21,395,134
Inventory	900,489
Other current assets	596,194
Capital assets, not depreciated	133,478,330
Capital assets, net of accumulated depreciation	1,224,898,438
Total Assets	1,661,833,425
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	66,331,517
Deferred amount on refunding	7,189,552
Total Deferred Outflows of Resources	73,521,069
LIABILITIES	
Accrued liabilities	61,607,051
Unearned revenue	3,961,504
Long-term liabilities, current portion	41,494,440
Long-term liabilities, non-current portion	1,565,906,052
Total Liabilities	1,672,969,047
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions	26,367,373
Total Deferred Inflows of Resources	26,367,373
NET POSITION	
Net investment in capital assets	322,059,158
Restricted:	
Capital projects	12,540,600
Debt service	59,361,036
Educational programs	23,890,737
All others	1,909,454
Unrestricted	(383,742,911)
Total Net Position	\$ 36,018,074

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, 2017

Function/Programs	Expenses	Program Revenues			Net (Expenses)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenues and Changes in Net Position
					Governmental Activities
GOVERNMENTAL ACTIVITIES					
Instruction	\$ 195,649,449	\$ 12,134	\$ 37,093,746	\$ 2,740,139	\$ (155,803,430)
Instruction-related services					
Instructional supervision and administration	27,724,802	2,445	8,541,153	-	(19,181,204)
Instructional library, media, and technology	4,075,850	1,079	265,288	-	(3,809,483)
School site administration	23,856,403	102	1,806,939	-	(22,049,362)
Pupil services					
Home-to-school transportation	9,406,268	-	35,400	-	(9,370,868)
Food services	17,114,359	966,451	14,352,141	-	(1,795,767)
All other pupil services	30,185,979	1,224	7,712,382	-	(22,472,373)
General administration					
Centralized data processing	7,338,834	12	19,775	-	(7,319,047)
All other general administration	21,731,182	43,755	1,632,565	-	(20,054,862)
Plant services	37,865,680	36,447	3,880,767	-	(33,948,466)
Ancillary services	7,329,234	542	3,979,409	-	(3,349,283)
Community services	433,515	56	6,999	-	(426,460)
Enterprise activities	870,154	-	-	-	(870,154)
Interest on long-term debt	59,549,857	-	-	-	(59,549,857)
Other Outgo	723,508	30,750	3,841,862	-	3,149,104
Total Governmental Activities	\$ 443,855,074	\$ 1,094,997	\$ 83,168,426	\$ 2,740,139	(356,851,512)
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes 91,673,975					
Property taxes, levied for debt service 78,120,816					
Property taxes, levied for other specific purposes 16,351,770					
Federal and state aid not restricted for specific purposes 178,553,072					
Interest and investment earnings 1,099,572					
Miscellaneous 12,054,096					
Subtotal, General Revenue 377,853,301					
CHANGE IN NET POSITION 21,001,789					
Net Position - Beginning 15,016,285					
Net Position - Ending \$ 36,018,074					

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
BALANCE SHEET
JUNE 30, 2017

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and investments	\$ 98,778,954	\$ 85,914,938	\$ 76,331,457	\$ 16,452,804	\$ 277,478,153
Accounts receivable	17,339,256	-	-	4,055,878	21,395,134
Due from other funds	1,151,362	-	-	-	1,151,362
Stores inventory	278,760	-	-	621,729	900,489
Other current assets	-	-	596,194	-	596,194
Total Assets	\$ 117,548,332	\$ 85,914,938	\$ 76,927,651	\$ 21,130,411	\$ 301,521,332
LIABILITIES					
Accrued liabilities	\$ 28,600,725	\$ 13,351,460	\$ -	\$ 1,024,928	\$ 42,977,113
Due to other funds	-	-	-	1,151,362	1,151,362
Unearned revenue	2,550,412	-	-	1,411,092	3,961,504
Total Liabilities	31,151,137	13,351,460	-	3,587,382	48,089,979
FUND BALANCES					
Nonspendable	348,760	-	-	621,729	970,489
Restricted	23,263,118	72,563,478	76,927,651	16,017,785	188,772,032
Committed	14,197,964	-	-	-	14,197,964
Assigned	1,519,281	-	-	903,515	2,422,796
Unassigned	47,068,072	-	-	-	47,068,072
Total Fund Balances	86,397,195	72,563,478	76,927,651	17,543,029	253,431,353
Total Liabilities and Fund Balances	\$ 117,548,332	\$ 85,914,938	\$ 76,927,651	\$ 21,130,411	\$ 301,521,332

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT
OF NET POSITION
JUNE 30, 2017**

Total Fund Balance - Governmental Funds \$ 253,431,353

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

Capital assets:

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

Capital assets	\$ 1,720,421,600	
Accumulated depreciation	<u>(362,044,832)</u>	1,358,376,768

Deferred amount on refunding:

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

7,189,552

Unmatured interest on long-term debt:

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

(18,506,727)

Long-term liabilities:

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

Total general obligation bonds	\$ 1,234,857,017	
Total certificates of participation	10,895,000	
Compensated absences	2,823,727	
Net OPEB obligation	93,151,706	
Net pension liability	<u>265,173,042</u>	(1,606,900,492)

Deferred outflows and inflows of resources relating to pensions:

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

Deferred outflows of resources related to pensions	\$ 66,331,517	
Deferred inflows of resources related to pensions	<u>(26,367,373)</u>	39,964,144

Internal service funds:

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

2,463,476

Total Net Position - Governmental Activities \$ 36,018,074

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2017

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCCF sources	\$ 258,473,209	\$ -	\$ -	\$ -	\$ 258,473,209
Federal sources	17,528,363	-	3,677,327	15,381,726	36,587,416
Other state sources	42,597,128	421	338,770	8,891,637	51,827,956
Other local sources	21,374,979	880,281	78,141,079	4,691,146	105,087,485
Total Revenues	339,973,679	880,702	82,157,176	28,964,509	451,976,066
EXPENDITURES					
Current					
Instruction	184,380,357	-	-	4,089,207	188,469,564
Instruction-related services					
Instructional supervision and administration	24,170,290	-	-	570,164	24,740,454
Instructional library, media, and technology	3,678,911	-	-	39	3,678,950
School site administration	20,139,632	-	-	953,077	21,092,709
Pupil services					
Home-to-school transportation	8,799,140	-	-	-	8,799,140
Food services	199	-	-	16,005,062	16,005,261
All other pupil services	27,031,764	-	-	83,294	27,115,058
General administration					
Centralized data processing	7,135,560	-	-	-	7,135,560
All other general administration	17,340,357	-	-	828,511	18,168,868
Plant services					
Facilities acquisition and maintenance	34,421,785	-	-	560,762	34,982,547
Ancillary services	7,128,600	55,258,402	-	3,303,411	65,690,413
Community services	6,759,194	-	-	-	6,759,194
Transfers to other agencies	405,709	-	-	-	405,709
Transfers to other agencies	723,508	-	-	-	723,508
Debt service					
Principal	605,000	-	40,643,509	-	41,248,509
Interest and other	305,173	-	47,883,927	-	48,189,100
Total Expenditures	343,025,179	55,258,402	88,527,436	26,393,527	513,204,544
Excess (Deficiency) of Revenues					
Over Expenditures	(3,051,500)	(54,377,700)	(6,370,260)	2,570,982	(61,228,478)
Other Financing Sources (Uses)					
Transfers in	129,471	-	-	361,860	491,331
Other sources	5,250,000	-	-	-	5,250,000
Transfers out	(361,860)	-	-	(129,471)	(491,331)
Net Financing Sources (Uses)	5,017,611	-	-	232,389	5,250,000
NET CHANGE IN FUND BALANCE	1,966,111	(54,377,700)	(6,370,260)	2,803,371	(55,978,478)
Fund Balance - Beginning	84,431,084	126,941,178	83,297,911	14,739,658	309,409,831
Fund Balance - Ending	\$ 86,397,195	\$ 72,563,478	\$ 76,927,651	\$ 17,543,029	\$ 253,431,353

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

Net Change in Fund Balances - Governmental Funds \$ (55,978,478)

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

Capital outlay:

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

Expenditures for capital outlay:	\$ 66,826,627	
Depreciation expense:	<u>(25,624,116)</u>	41,202,511

Debt service:

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

41,248,509

Debt proceeds:

In governmental funds, proceeds from debt are recognized as Other Financing Sources. In the government-wide statements, proceeds from debt are reported as increases to liabilities. Amounts recognized in governmental funds as proceeds from debt, net of issue premium or discount, were:

(5,250,000)

Deferred amounts on refunding:

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

(577,178)

Gain or loss from the disposal of capital assets:

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

(1,822,378)

Unmatured interest on long-term debt:

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

(88,535)

(continued on the following page)

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF
ACTIVITIES, continued
FOR THE YEAR ENDED JUNE 30, 2017**

Accreted interest on long-term debt:

In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current sources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. (13,408,471)

Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: 1,139,391

Postemployment benefits other than pensions (OPEB):

In governmental 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: 18,014,791

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made, in the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: (5,263,988)

Cost write-off for canceled capital projects:

If a planned capital project is canceled and will not be completed, costs previously capitalized as Work-in-progress must be written off to expense. Costs written off for canceled projects were: (60,916)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 2,713,428

Internal Service Funds:

Internal service funds are used to conduct certain activities for which costs are charged to other funds on a full cost-recovery basis. Because internal service funds are presumed to benefit governmental activities, internal service activities are reported as governmental in the statement of activities. The net increase or decrease in internal service funds was: (866,897)

Change in Net Position of Governmental Activities

\$ 21,001,789

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2017

	Governmental Activities
	Internal Service Fund
ASSETS	
Current assets	
Cash and investments	\$ 3,086,687
Total current assets	<u>3,086,687</u>
Total Assets	<u>3,086,687</u>
LIABILITIES	
Current liabilities	
Accrued liabilities	<u>123,211</u>
Total current liabilities	<u>123,211</u>
Non-current liabilities	<u>500,000</u>
Total Liabilities	<u>623,211</u>
NET POSITION	
Restricted	<u>2,463,476</u>
Total Net Position	<u>\$ 2,463,476</u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Activities
	Internal Service Fund
OPERATING REVENUE	
Charges for services	\$ 1,714,433
Other local revenues	15,883
Total operating revenues	<u>1,730,316</u>
OPERATING EXPENSE	
Salaries and benefits	206,445
Supplies and materials	2,921
Professional services	2,405,261
Total operating expenses	<u>2,614,627</u>
Operating income/(loss)	<u>(884,311)</u>
NON-OPERATING REVENUES/(EXPENSES)	
Interest income	17,414
Total non-operating revenues/(expenses)	<u>17,414</u>
CHANGE IN NET POSITION	(866,897)
Net Position - Beginning	<u>3,330,373</u>
Net Position - Ending	<u>\$ 2,463,476</u>

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 PROPRIETARY FUNDS
 STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED JUNE 30, 2017**

	Governmental Activities
	Internal Service Fund
Cash flows from operating activities	
Cash received from user charges	\$ 1,733,572
Cash payments for payroll, insurance, and operating costs	(2,519,852)
Net cash provided by (used for) operating activities	(786,280)
Cash flows from investing activities	
Interest received	17,414
Net cash provided by (used for) investing activities	17,414
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(768,866)
 CASH AND CASH EQUIVALENTS	
Beginning of year	3,855,553
End of year	\$ 3,086,687
 Reconciliation of operating income (loss) to cash provided by (used for) operating activities	
Operating income (loss)	\$ (884,311)
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	3,256
Increase (decrease) in accounts payable	94,775
Net cash provided by (used for) operating activities	\$ (786,280)

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF NET POSITION
 JUNE 30, 2017

	Trust Fund	Agency Funds	
	Retiree Benefit Fund	Warrant/Pass- through Fund	Student Body Fund
ASSETS			
Cash and investments	\$ 23,351,334	\$ 658,746	\$ 1,034,075
Accounts receivable	-	18,808	-
Total Assets	23,351,334	\$ 677,554	\$ 1,034,075
LIABILITIES			
Accrued liabilities	678	\$ -	\$ -
Due to student groups	-	-	1,034,075
Due to other agencies	-	677,554	-
Total Liabilities	678	\$ 677,554	\$ 1,034,075
NET POSITION			
Restricted	23,350,656		
Total Net Position	\$ 23,350,656		

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 FIDUCIARY FUNDS
 STATEMENT OF CHANGES IN NET POSITION
 FOR THE YEAR ENDED JUNE 30, 2017

	<u>Trust Fund</u>
	<u>Retiree Benefit</u>
	<u>Fund</u>
ADDITIONS	
Contributions	\$ 17,963,396
Investment earnings	496,592
Total Additions	<u>18,459,988</u>
DEDUCTIONS	
Benefits	15,799,931
Total Deductions	<u>15,799,931</u>
CHANGE IN NET POSITION	2,660,057
Net Position - Beginning	<u>20,690,599</u>
Net Position - Ending	<u>\$ 23,350,656</u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

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

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

B. Component Units

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

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

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

Accordingly, for the year ended June 30, 2016, the financial activities of the Corporation have been blended into the financial statements of the District. The Corporation's financial activities are presented in the Debt Service Fund. COPs issued by the Corporation are included as long-term liabilities in the financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

C. Basis of Presentation

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Major Governmental Funds

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

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

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

Non-Major Governmental Funds

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

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

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

Special Revenue Funds (continued)

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

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

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

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

Proprietary Funds

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

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

Fiduciary Funds

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

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus

Government-Wide, Proprietary, and Fiduciary Financial Statements

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

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

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

Governmental Funds

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

Revenues – Exchange and Non-Exchange Transactions

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

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

Unearned Revenue

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

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

Expenses/Expenditures

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

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

Cash and Cash Equivalents

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

Investments

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

Inventories

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Capital Assets

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

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

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

Interfund Balances

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

Compensated Absences

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Accrued Liabilities and Long-Term Obligations

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

Premiums and Discounts

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

Deferred Outflows/Deferred Inflows of Resources

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

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

Pensions

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance

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

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

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

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

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

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

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, *continued*
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

F. Interfund Activity

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

G. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

H. Budgetary Data

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

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

I. Property Tax

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

GASB Statement No. 75 – In June 2015, GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This standard's primary objective is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions. The Statement is effective for periods beginning after June 15, 2017. The District has not yet determined the impact on the financial statements.

GASB Statement No. 80 – In January 2016, GASB issued Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14*. This standard's primary objective is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The Statement is effective for periods beginning after June 15, 2016. The District has implemented GASB Statement No. 80 for the year ended June 30, 2017.

GASB Statement No. 82 – In March 2016, GASB issued Statement No. 82, *Pension Issues – an Amendment of GASB Statements No. 67, No. 68, and No. 73*. This standard's primary objective is to address issues regarding the presentation of payroll-related measures in required supplementary information, the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The majority of this Statement is effective for periods beginning after June 15, 2016. The District has implemented GASB Statement No. 82 for the year ended June 30, 2017.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental Funds	Internal Service Funds	Total Governmental Activities	Fiduciary Funds
Investment in county treasury	\$ 226,128,437	\$ 3,085,174	\$ 229,213,611	\$ 3,647,668
Cash on hand and in banks	68,314	-	68,314	1,034,075
Cash with fiscal agent	9,916,767	1,513	9,918,280	20,349,833
Cash in revolving fund	70,000	-	70,000	-
Local Agency Investment Fund (LAIF)	41,294,635	-	41,294,635	12,579
Total cash and investments	\$ 277,478,153	\$ 3,086,687	\$ 280,564,840	\$ 25,044,155

B. Policies and Practices

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

Investment in County Treasury – The District maintains substantially all of its cash in the County Treasury in accordance with *Education Code Section 41001*. The Contra Costa County Treasurer’s pooled investments are managed by the County Treasurer who reports on a monthly basis to the board of supervisors. In addition, the function of the County Treasury Oversight Committee is to review and monitor the County’s investment policy. The committee membership includes the Treasurer and Tax Collector, the Auditor-Controller, Chief Administrative Officer, Superintendent of Schools Representative, and a public member. The fair value of the District's investment in the pool is based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized cost basis.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS (continued)

B. Policies and Practices (continued)

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

The Cash with Fiscal Agent in the Special Reserve for Capital Outlay Projects, Corporation Debt Service and Self-Insurance Funds represents amounts held by third parties in the District's name.

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

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

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS (continued)

C. General Authorizations

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

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

D. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$232,945,176 and an amortized book value of \$232,861,279. The average weighted maturity for this pool is 205 days. Investments consist of amounts on deposit with the Local Agency Investment Fund (LAIF) with an amortized book value of \$41,307,214 and had the same fair market value.

E. Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated. As of June 30, 2017, the pooled investments in the County Treasury were rated AAAf/S1+ and the pooled investments in the Local Agency Investment Fund (LAIF) had a rating of AAA/V1.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 2 – CASH AND INVESTMENTS (continued)

F. Custodial Credit Risk – Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2017, the District's bank balance was not exposed to custodial credit risk.

G. Fair Value

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

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

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

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

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

The District's fair value measurements at June 30, 2017 were as follows:

	<u>Uncategorized</u>
Investment in county treasury	\$ 232,945,176
Local Agency Investment Fund (LAIF)	41,307,214
Total fair market value of investments	<u>\$ 274,252,390</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consisted of the following:

	<u>General Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Activities</u>	<u>Total Fiduciary</u>
Federal Government				
Categorical aid	\$ 4,658,516	\$ 3,422,218	\$ 8,080,734	\$ -
State Government				
Categorical aid	893,301	607,857	1,501,158	-
Local Government				
Other local sources	11,787,439	25,803	11,813,242	18,808
Total	<u>\$ 17,339,256</u>	<u>\$ 4,055,878</u>	<u>\$ 21,395,134</u>	<u>\$ 18,808</u>

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	<u>Balance July 01, 2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2017</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 52,371,291	\$ -	\$ -	\$ 52,371,291
Construction in progress	85,424,560	55,258,350	59,575,871	81,107,039
Total Capital Assets not Being Depreciated	<u>137,795,851</u>	<u>55,258,350</u>	<u>59,575,871</u>	<u>133,478,330</u>
Capital assets being depreciated				
Land improvements	67,007,168	208,730	1,539,673	65,676,225
Buildings & improvements	1,410,410,090	68,705,753	3,606,728	1,475,509,115
Furniture & equipment	45,622,684	2,168,749	2,033,503	45,757,930
Total Capital Assets Being Depreciated	<u>1,523,039,942</u>	<u>71,083,232</u>	<u>7,179,904</u>	<u>1,586,943,270</u>
Less Accumulated Depreciation				
Land improvements	46,916,880	1,583,104	1,530,483	46,969,501
Buildings & improvements	280,432,817	20,540,646	2,228,124	298,745,339
Furniture & equipment	14,428,545	3,500,366	1,598,919	16,329,992
Total Accumulated Depreciation	<u>341,778,242</u>	<u>25,624,116</u>	<u>5,357,526</u>	<u>362,044,832</u>
Governmental Activities				
Capital Assets, net	<u>\$ 1,319,057,551</u>	<u>\$ 100,717,466</u>	<u>\$ 61,398,249</u>	<u>\$ 1,358,376,768</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 4 – CAPITAL ASSETS (continued)

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

Instruction	\$ 13,432,033
Instructional supervision and administration	1,791,299
Instructional library, media, and technology	263,145
School site administration	1,541,652
Home-to-school transportation	640,732
Food services	1,094,287
All other pupil services	1,815,519
Centralized data processing	475,224
All other general administration	1,446,787
Plant services	2,629,372
Ancillary services	470,786
Community services	23,280
Total	<u>\$ 25,624,116</u>

An adjustment to construction in progress was made totaling \$60,916. This adjustment represents write off of cost included in prior year construction in progress. The adjustment was made for cost of design, engineering and other consultants cost of projects that will not occur in the near future. Hence no asset will be constructed. If and when these projects go forward they will have to be re-designed and/or re-engineered due to code changes or changes in District priorities.

NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2017 were as follows:

Due To Other Funds	Due From Other Funds	
	General Fund	Total
Non-Major Governmental Funds	\$ 1,151,362	1,151,362
Total Due From Other Funds	\$ 1,151,362	\$ 1,151,362
Due from the non-major Child Development Fund to the General Fund for expenditures.	\$	57,763
Due from the non-major Cafeteria Fund to the General Fund for expenditures.		1,093,599
Total	\$	1,151,362

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2017

NOTE 5 – INTERFUND TRANSACTIONS (continued)

B. Operating Transfers

Interfund transfers for the year ended June 30, 2017 consisted of the following:

Interfund Transfers Out	Interfund Transfers In		
	General Fund	Non-Major Governmental Funds	Total
General Fund	\$ -	\$ 361,860	\$ 361,860
Non-Major Governmental Funds	129,471	-	129,471
Total Interfund Transfers	\$ 129,471	\$ 361,860	\$ 491,331

Transfer from the non-major Special Reserve Fund for Capital Outlay Projects to the General Fund for construction projects.	\$	129,471
Transfer from the General Fund to the non-major Child Development Fund for expenditures.		361,860
Total	\$	491,331

NOTE 6 – ACCRUED LIABILITIES

Accrued liabilities at June 30, 2017 consisted of the following:

	General Fund	Building Fund	Non-Major Governmental		Internal Service Funds	District-Wide	Total Governmental		Total Fiduciary
			Funds	Funds			Activities	Activities	
Construction	\$ -	\$ 13,351,460	\$ 295,560	\$ -	\$ -	\$ -	\$ 13,647,020	\$ -	
Vendors payable	28,600,725	-	725,409	123,211	-	-	29,449,345	678	
Unmatured interest	-	-	-	-	-	18,506,727	18,506,727	-	
Other liabilities	-	-	3,959	-	-	-	3,959	-	
Total	\$ 28,600,725	\$ 13,351,460	\$ 1,024,928	\$ 123,211	\$ 18,506,727	\$ 61,607,051	\$ 678		

NOTE 7 – UNEARNED REVENUE

Unearned revenue at June 30, 2017 consisted of the following:

	Non-Major Governmental		Total Governmental
	General Fund	Funds	Activities
Federal sources	\$ 69,516	\$ -	\$ 69,516
State categorical sources	2,331,496	1,411,092	3,742,588
Local sources	149,400	-	149,400
Total	\$ 2,550,412	\$ 1,411,092	\$ 3,961,504

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT

A schedule of changes in long-term debt for the year ended June 30, 2017 consisted of the following:

	Balance July 01, 2016	Additions	Deductions	Balance June 30, 2017	Balance Due In One Year
Governmental Activities					
General obligation bonds	\$ 1,095,783,450	\$ -	\$ 40,643,509	\$ 1,055,139,941	\$ 38,031,012
Unamortized premium	52,749,127	-	2,713,428	50,035,699	2,713,428
Accreted interest	116,272,906	13,408,471	-	129,681,377	-
Total general obligation bonds	1,264,805,483	13,408,471	43,356,937	1,234,857,017	40,744,440
Certificates of participation	6,250,000	5,250,000	605,000	10,895,000	750,000
Compensated absences	3,963,118	-	1,139,391	2,823,727	-
Claims liability	500,000	-	-	500,000	-
Net OPEB obligation	111,166,497	-	18,014,791	93,151,706	-
Net pension liability	234,652,422	30,520,620	-	265,173,042	-
Total	\$ 1,621,337,520	\$ 49,179,091	\$ 63,116,119	\$ 1,607,400,492	\$ 41,494,440

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments on certificates of participation are made in the General Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.
- Payments for claims liability are made from the Self-Insurance Fund.

A. Compensated Absences

Total unpaid employee compensated absences as of June 30, 2017 amounted to \$2,823,727. This amount is included as part of long-term liabilities in the government-wide financial statements.

B. Certificates of Participation

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

Year Ended June 30,	Principal	Interest	Total
2018	\$ 635,000	\$ 288,300	\$ 923,300
2019	670,000	256,359	926,359
2020	710,000	222,658	932,658
2021	740,000	186,945	926,945
2022	775,000	148,835	923,835
2023 - 2027	2,115,000	175,615	2,290,615
Total	\$ 5,645,000	\$ 1,278,712	\$ 6,923,712

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT (continued)

B. Certificates of Participation (continued)

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

Year Ended June 30,	Principal	Interest	Total
2018	\$ 115,000	\$ 146,101	\$ 261,101
2019	300,000	156,528	456,528
2020	305,000	147,030	452,030
2021	315,000	137,296	452,296
2022	325,000	127,248	452,248
2023 - 2027	1,795,000	473,272	2,268,272
2028 - 2032	2,095,000	168,379	2,263,379
Total	\$ 5,250,000	\$ 1,355,854	\$ 6,605,854

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT (continued)

C. General Obligation Bonds

The District's General Obligation Bonds are issued under separate authorizations which were approved by voters of the District over the past several years. As of June 30, 2017, the Measures with outstanding balances and their respective election year include Measure E of 1998, Measure M of 2000, Measure D of 2002, Measure J of 2005, and Measure D of 2010. Proceeds from the Bonds are being used to improve, construct or refurbish the District's schools.

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Outstanding July 01, 2016	Additions	Deductions	Outstanding June 30, 2017
Measure E - Refunding Series A	2001	8/1/2025	4.15 - 5.7%	28,610,000	\$ 13,460,000	\$ -	\$ 1,435,000	\$ 12,025,000
Measure E - Refunding Series B	2001	8/1/2024	4.3 - 6.0%	10,255,000	5,070,000	-	500,000	4,570,000
Measure D - Series C2	2004	8/1/2034	2.4 - 5.8%	29,999,377	47,675,728	1,769,233	180,432	49,264,529
Measure D - Series D	2006	8/1/2034	3.15 - 5.05%	99,998,106	138,814,882	4,804,080	3,054,074	140,564,888
Measure J - Series B	2009	8/1/2031	5.0 - 6.0%	120,000,000	51,700,000	-	1,900,000	49,800,000
Measure J - Series C1	2010	8/1/2033	6.24 - 12.0%	52,084,759	85,498,653	6,352,966	324,003	91,527,616
Measure J - Series C2 - BAB	2010	8/1/2034	8.46%	52,825,000	52,825,000	-	-	52,825,000
Measure M - Refunding 2009	2010	8/1/2031	3.0 - 5.38%	47,215,000	18,945,000	-	8,505,000	10,440,000
Measure J - Refunding 2009	2010	8/1/2031	3.0 - 5.38%	10,645,000	10,645,000	-	-	10,645,000
Measure J - Series D1 - QSCB	2010	8/1/2024	6.56%	25,000,000	25,000,000	-	-	25,000,000
Measure J - Series D2	2010	8/1/2036	6.80 - 6.81%	2,499,949	4,572,093	482,192	-	5,054,285
Measure D - Refunding 2011	2011	8/1/2024	3.0 - 5.25%	51,605,000	41,350,000	-	5,900,000	35,450,000
Measure M - Refunding 2011	2011	8/1/2024	3.0 - 5.25%	33,960,000	23,555,000	-	-	23,555,000
Measure 2010D - Series A1	2011	8/1/2041	3.0 - 5.25%	79,000,000	66,845,000	-	-	66,845,000
Measure 2010D - Series A2 - QSCB	2011	8/1/2030	4.0 - 5.0%	21,000,000	21,000,000	-	-	21,000,000
Measure M - Refunding 2012	2012	8/1/2032	3.0 - 5.25%	40,370,000	40,370,000	-	-	40,370,000
Measure D - Refunding 2012	2012	8/1/2032	3.0 - 5.25%	57,830,000	57,830,000	-	-	57,830,000
Measure 2010D - Series B	2014	8/1/2045	4.0 - 5.50%	40,000,000	32,500,000	-	575,000	31,925,000
Measure 2012E - Series A	2014	8/1/2045	2.0 - 5.50%	85,000,000	71,000,000	-	-	71,000,000
Measure 2010D - Series C	2015	8/1/2055	2.0 - 5.00%	50,000,000	50,000,000	-	485,000	49,515,000
Measure 2012E - Series B	2015	8/1/2055	2.0 - 5.00%	85,000,000	85,000,000	-	2,500,000	82,500,000
Measure D - Refunding 2014	2016	8/1/2035	4.0 - 5.00%	22,685,000	22,685,000	-	-	22,685,000
Measure J - Refunding 2014	2016	8/1/2035	4.0 - 5.00%	54,775,000	54,775,000	-	-	54,775,000
Measure J - Refunding 2016	2016	8/1/2035	2.0 - 5.00%	65,940,000	65,940,000	-	285,000	65,655,000
Measure 2010D - Series D	2016	8/1/2054	2.0 - 3.70%	60,000,000	60,000,000	-	7,500,000	52,500,000
Measure 2012E - Series C	2016	8/1/2054	2.0 - 4.00%	65,000,000	65,000,000	-	7,500,000	57,500,000
					\$ 1,212,056,356	\$ 13,408,471	\$ 40,643,509	\$ 1,184,821,318

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2001 Refunding Measure E, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 1,520,000	\$ 674,901	\$ 2,194,901
2019	1,595,000	592,104	2,187,104
2020	1,700,000	504,263	2,204,263
2021	1,800,000	409,108	2,209,108
2022	1,900,000	306,552	2,206,552
2023 - 2026	3,510,000	328,491	3,838,491
Total	<u>\$ 12,025,000</u>	<u>\$ 2,815,419</u>	<u>\$ 14,840,419</u>

The annual requirements to amortize the 2001 Refunding Measure E, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 535,000	\$ 272,850	\$ 807,850
2019	570,000	240,750	810,750
2020	605,000	206,550	811,550
2021	635,000	170,250	805,250
2022	685,000	132,000	817,000
2023 - 2025	1,540,000	139,800	1,679,800
Total	<u>\$ 4,570,000</u>	<u>\$ 1,162,200</u>	<u>\$ 5,732,200</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT (continued)

C. 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, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 731,640	\$ 768,360	\$ 1,500,000
2019	692,250	807,750	1,500,000
2020	1,039,227	1,340,773	2,380,000
2021	1,169,186	1,660,814	2,830,000
2022	1,172,700	1,827,300	3,000,000
2023 - 2027	6,481,794	13,258,206	19,740,000
2028 - 2032	7,301,094	21,913,906	29,215,000
2033 - 2035	5,549,609	22,150,392	27,700,001
Accretion	25,127,029	(25,127,029)	-
Total	\$ 49,264,529	\$ 38,600,472	\$ 87,865,001

The annual requirements to amortize the 2006 Measure D, Series D, Capital Appreciation General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 3,818,039	\$ 2,706,962	\$ 6,525,001
2019	4,186,747	3,348,253	7,535,000
2020	3,681,933	3,303,067	6,985,000
2021	3,639,367	3,645,633	7,285,000
2022	3,862,045	4,302,955	8,165,000
2023 - 2027	20,807,563	31,332,437	52,140,000
2028 - 2032	22,942,785	51,677,215	74,620,000
2033 - 2035	16,672,931	50,017,069	66,690,000
Accretion	60,953,478	(60,953,478)	-
Total	\$ 140,564,888	\$ 89,380,113	\$ 229,945,001

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2009 Measure J, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 1,600,000	\$ 2,940,000	\$ 4,540,000
2019	1,700,000	2,841,000	4,541,000
2020	2,400,000	2,718,000	5,118,000
2021	2,800,000	2,562,000	5,362,000
2022	2,900,000	2,391,000	5,291,000
2023 - 2027	24,000,000	8,550,000	32,550,000
2028 - 2032	14,400,000	870,000	15,270,000
Total	\$ 49,800,000	\$ 22,872,000	\$ 72,672,000

The annual requirements to amortize the 2010 Measure J, Series C1, General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 821,333	\$ 1,243,667	\$ 2,065,000
2019	-	-	-
2020	1,477,585	3,212,415	4,690,000
2021	1,749,634	4,490,366	6,240,000
2022	3,303,190	4,961,810	8,265,000
2023 - 2027	12,192,308	21,322,962	33,515,270
2028 - 2032	23,785,458	70,909,542	94,695,000
2033 - 2034	7,151,575	29,868,425	37,020,000
Accretion	41,046,533	(41,046,533)	-
Total	\$ 91,527,616	\$ 94,962,654	\$ 186,490,270

The annual requirements to amortize the 2010 Measure J, Series C2, Build America Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ -	\$ 3,014,247	\$ 3,014,247
2019	-	3,017,465	3,017,465
2020	-	3,017,465	3,017,465
2021	-	3,017,465	3,017,465
2022	-	3,017,465	3,017,465
2023 - 2027	-	15,087,327	15,087,327
2028 - 2032	-	15,087,327	15,087,327
2033 - 2035	52,825,000	9,080,135	61,905,135
Total	\$ 52,825,000	\$ 54,338,896	\$ 107,163,896

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2009 Measure M & J General Obligation Refunding Bonds outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 10,950,000	\$ 740,619	\$ 11,690,619
2019	535,000	486,169	1,021,169
2020	555,000	464,369	1,019,369
2021	580,000	441,306	1,021,306
2022	600,000	416,219	1,016,219
2023 - 2027	3,440,000	1,507,666	4,947,666
2028 - 2032	4,425,000	731,863	5,156,863
Total	\$ 21,085,000	\$ 4,788,211	\$ 25,873,211

The annual requirements to amortize the 2010 Measure J, Series D1, QSCB General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ -	\$ 1,638,750	\$ 1,638,750
2019	-	1,638,750	1,638,750
2020	-	1,638,750	1,638,750
2021	-	1,638,750	1,638,750
2022	-	1,638,750	1,638,750
2023 - 2025	25,000,000	2,916,137	27,916,137
Total	\$ 25,000,000	\$ 11,109,887	\$ 36,109,887

The annual requirements to amortize the 2010 Measure J, Series D2, General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ -	\$ -	\$ -
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023 - 2027	-	-	-
2028 - 2032	-	-	-
2033 - 2037	2,499,949	31,320,050	33,819,999
Accretion	2,554,336	(2,554,336)	-
Total	\$ 5,054,285	\$ 28,765,714	\$ 33,819,999

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2011 Measure D & M Refunding General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 5,110,000	\$ 2,814,912	\$ 7,924,912
2019	7,295,000	2,518,987	9,813,987
2020	7,585,000	2,157,863	9,742,863
2021	7,885,000	1,783,987	9,668,987
2022	8,205,000	1,397,713	9,602,713
2023 - 2025	22,925,000	1,641,807	24,566,807
Total	\$ 59,005,000	\$ 12,315,269	\$ 71,320,269

The annual requirements to amortize the 2010 Measure D, Series A-1, General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ -	\$ 3,460,900	\$ 3,460,900
2019	-	3,460,900	3,460,900
2020	-	3,460,900	3,460,900
2021	245,000	3,454,775	3,699,775
2022	245,000	3,442,525	3,687,525
2023 - 2027	2,160,000	15,276,762	17,436,762
2028 - 2032	6,625,000	16,331,400	22,956,400
2033 - 2037	23,340,000	12,772,112	36,112,112
2038 - 2042	34,230,000	5,578,437	39,808,437
Total	\$ 66,845,000	\$ 67,238,711	\$ 134,083,711

The annual requirements to amortize the 2010, Measure D, Series A-2, General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ -	\$ 355,639	\$ 355,639
2019	-	355,639	355,639
2020	-	355,639	355,639
2021	-	355,639	355,639
2022	-	355,639	355,639
2023 - 2027	-	1,778,196	1,778,196
2028 - 2031	21,000,000	1,244,737	22,244,737
Total	\$ 21,000,000	\$ 4,801,128	\$ 25,801,128

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2012 Measures M & D General Obligation Refunding Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ -	\$ 4,882,000	\$ 4,882,000
2019	-	4,882,000	4,882,000
2020	-	4,882,000	4,882,000
2021	-	4,882,000	4,882,000
2022	1,365,000	4,849,875	6,214,875
2023 - 2027	28,705,000	16,212,375	44,917,375
2028 - 2032	57,020,000	11,598,500	68,618,500
2033	11,110,000	555,500	11,665,500
Total	\$ 98,200,000	\$ 52,744,250	\$ 150,944,250

The annual requirements to amortize the 2010, Measure D, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 600,000	\$ 1,589,881	\$ 2,189,881
2019	-	1,577,881	1,577,881
2020	-	1,577,881	1,577,881
2021	-	1,577,881	1,577,881
2022	-	1,577,881	1,577,881
2023 - 2027	430,000	7,100,466	7,530,466
2028 - 2032	2,915,000	7,581,094	10,496,094
2033 - 2037	4,050,000	6,830,138	10,880,138
2038 - 2042	6,220,000	5,492,650	11,712,650
2043 - 2046	17,710,000	2,387,969	20,097,969
Total	\$ 31,925,000	\$ 37,293,722	\$ 69,218,722

The annual requirements to amortize the 2012, Measure E, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ -	\$ 3,699,919	\$ 3,699,919
2019	-	3,699,919	3,699,919
2020	-	3,699,919	3,699,919
2021	-	3,699,919	3,699,919
2022	-	3,699,919	3,699,919
2023 - 2027	3,830,000	18,081,594	21,911,594
2028 - 2032	7,410,000	16,690,906	24,100,906
2033 - 2037	12,360,000	14,131,450	26,491,450
2038 - 2042	19,225,000	9,874,981	29,099,981
2043 - 2046	28,175,000	3,804,409	31,979,409
Total	\$ 71,000,000	\$ 81,082,935	\$ 152,082,935

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2010, Measure D, Series C, General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 495,000	\$ 2,233,425	\$ 2,728,425
2019	510,000	2,215,800	2,725,800
2020	530,000	2,195,000	2,725,000
2021	550,000	2,173,400	2,723,400
2022	570,000	2,151,000	2,721,000
2023 - 2027	3,290,000	9,315,450	12,605,450
2028 - 2032	4,205,000	9,475,500	13,680,500
2033 - 2037	5,365,000	8,314,000	13,679,000
2038 - 2042	6,845,000	6,831,750	13,676,750
2043 - 2047	8,735,000	4,940,750	13,675,750
2048 - 2052	10,830,000	2,851,600	13,681,600
2053 - 2056	7,590,000	615,200	8,205,200
Total	\$ 49,515,000	\$ 53,312,875	\$ 102,827,875

The annual requirements to amortize the 2012, Measure E, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 2,500,000	\$ 3,667,600	\$ 6,167,600
2019	2,500,000	3,555,100	6,055,100
2020	2,500,000	3,430,100	5,930,100
2021	1,000,000	3,342,600	4,342,600
2022	-	3,317,600	3,317,600
2023 - 2027	-	16,588,000	16,588,000
2028 - 2032	-	16,588,000	16,588,000
2033 - 2037	10,080,000	15,377,250	25,457,250
2038 - 2042	12,870,000	12,521,750	25,391,750
2043 - 2047	16,425,000	8,895,450	25,320,450
2048 - 2052	20,355,000	4,952,900	25,307,900
2053 - 2055	14,270,000	871,200	15,141,200
Total	\$ 82,500,000	\$ 93,107,550	\$ 175,607,550

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2014 Measures D & J General Obligation Refunding Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 1,850,000	\$ 3,760,300	\$ 5,610,300
2019	3,110,000	3,645,550	6,755,550
2020	3,275,000	3,485,925	6,760,925
2021	3,440,000	3,335,250	6,775,250
2022	2,280,000	3,221,550	5,501,550
2023 - 2027	14,565,000	13,055,625	27,620,625
2028 - 2032	25,930,000	9,765,000	35,695,000
2033 - 2036	23,010,000	2,751,250	25,761,250
Total	\$ 77,460,000	\$ 43,020,450	\$ 120,480,450

The annual requirements to amortize the 2016 General Obligation Refunding Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ -	\$ 2,847,081	\$ 2,847,081
2019	3,535,000	2,776,381	6,311,381
2020	65,000	2,704,706	2,769,706
2021	65,000	2,702,756	2,767,756
2022	65,000	2,700,806	2,765,806
2023 - 2027	375,000	12,118,840	12,493,840
2028 - 2032	23,025,000	12,239,906	35,264,906
2033 - 2036	38,525,000	4,831,787	43,356,787
Total	\$ 65,655,000	\$ 42,922,263	\$ 108,577,263

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT (continued)

C. General Obligation Bonds (continued)

The annual requirements to amortize the 2010, Measure D, Series D, General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 2,500,000	\$ 1,973,313	\$ 4,473,313
2019	-	1,948,313	1,948,313
2020	-	1,948,313	1,948,313
2021	-	1,948,313	1,948,313
2022	-	1,948,313	1,948,313
2023 - 2027	-	1,948,313	1,948,313
2028 - 2032	3,660,000	9,741,562	13,401,562
2033 - 2037	6,995,000	8,433,756	15,428,756
2038 - 2042	8,310,000	7,064,000	15,374,000
2043 - 2047	10,110,000	5,228,000	15,338,000
2048 - 2052	12,295,000	2,994,100	15,289,100
2053 - 2055	8,630,000	526,800	9,156,800
Total	\$ 52,500,000	\$ 45,703,096	\$ 98,203,096

The annual requirements to amortize the 2012, Measure E, Series C, General Obligation Bonds Payable, outstanding as of June 30, 2017, are as follows:

Year Ended June 30,	Principal	Interest	Total
2018	\$ 5,000,000	\$ 2,070,819	\$ 7,070,819
2019	-	2,020,819	2,020,819
2020	-	2,020,819	2,020,819
2021	-	2,020,819	2,020,819
2022	-	2,020,819	2,020,819
2023 - 2027	-	10,014,093	10,014,093
2028 - 2032	3,870,000	9,882,593	13,752,593
2033 - 2037	7,340,000	8,850,584	16,190,584
2038 - 2042	8,720,000	7,413,400	16,133,400
2043 - 2047	10,610,000	5,486,200	16,096,200
2048 - 2052	12,910,000	3,141,400	16,051,400
2053 - 2055	9,050,000	552,400	9,602,400
Total	\$ 57,500,000	\$ 55,494,765	\$ 112,994,765

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 8 – LONG-TERM DEBT (continued)

D. Postemployment Benefits

The District follows GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The District's annual required contribution for the year ended June 30, 2017, was \$20,963,662 with net interest and other adjustments of (\$15,757) for a net annual OPEB cost of \$20,947,905, contributions made by the District, including CalPERS CERBT during the year were \$38,962,696, which resulted in a decrease to net OPEB obligation of \$18,014,791. The ending OPEB obligation balance at June 30, 2017 was \$93,151,706 See Note 10 for additional information regarding the OPEB obligation and the postemployment benefit plan.

E. Claims Liability

Liabilities associated with workers' compensation claims are reported when it is probably that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are based upon estimated ultimate cost of settling the claims, considering recent claim settlement trends including the frequency and amount of payouts and other economic and social factors. The liability for worker's compensation claims is reported in the Internal Service Fund. The outstanding claims liability at June 30, 2017, amounted to \$500,000.

F. Net Pension Liability

The District's beginning net pension liability was \$234,652,422 and increased by \$30,520,620 during the year ended June 30, 2017. The ending net pension liability at June 30, 2017 was \$265,173,042. See Note 11 for additional information regarding the net pension liability.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 9 – FUND BALANCES

Fund balances were composed of the following elements at June 30, 2017:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 70,000	\$ -	\$ -	\$ -	\$ 70,000
Stores inventory	278,760	-	-	621,729	900,489
Total non-spendable	348,760	-	-	621,729	970,489
Restricted					
Educational programs	23,263,118	-	-	627,619	23,890,737
Capital projects	-	72,563,478	-	12,540,600	85,104,078
Debt service	-	-	76,927,651	940,112	77,867,763
All others	-	-	-	1,909,454	1,909,454
Total restricted	23,263,118	72,563,478	76,927,651	16,017,785	188,772,032
Committed					
Board committed reserve for economic uncertainty	10,497,964	-	-	-	10,497,964
IT Replacement	3,200,000	-	-	-	3,200,000
Other commitments	500,000	-	-	-	500,000
Total committed	14,197,964	-	-	-	14,197,964
Assigned					
Reserve pending attendance audit	1,287,850	-	-	-	1,287,850
Other assignments	231,431	-	-	903,515	1,134,946
Total assigned	1,519,281	-	-	903,515	2,422,796
Unassigned					
Reserve for economic uncertainties	10,497,964	-	-	-	10,497,964
Remaining unassigned	36,570,108	-	-	-	36,570,108
Total unassigned	47,068,072	-	-	-	47,068,072
Total	\$ 86,397,195	\$ 72,563,478	\$ 76,927,651	\$ 17,543,029	\$ 253,431,353

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 10 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

A. Plan Description and Contribution Information

The District provides medical, dental and vision benefits to retirees and their covered eligible dependents. The District pays a portion of the medical and dental costs for eligible retirees only. All active employees who retire directly from the District and meet the eligibility criteria may participate.

Membership of the plan consisted of the following:

Retirees and beneficiaries receiving benefits	2,239
Active plan members	<u>2,288</u>
Total*	<u>4,527</u>
 Number of participating employers	 1

*As of July 1, 2016 actuarial study

B. Funding Policy

The District’s contribution is currently based on a project pay-as-you-go funding method, that is, benefits are payable when due.

As of June 30, 2017, the District has established a plan with CalPERS CERBT that contains an irrevocable transfer of assets dedicated to providing benefits to retirees in accordance with the terms of the plan and that are legally protected from creditors. The plan has implemented GASB 74 and the report can be found on the CalPERS CERBT website. As of June 30, 2017, the trust had a restricted balance of \$23,350,656.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

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

C. Annual OPEB Cost and Net OPEB Obligation

The District’s annual 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 No. 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 accrued liabilities (UAAL) (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 to the Plan:

Annual required contribution	\$ 20,963,662
Interest on net OPEB obligation	8,092,921
Adjustment to annual required contribution	<u>(8,108,678)</u>
Annual OPEB cost (expense)	20,947,905
Contributions made, including CERBT	<u>(38,962,696)</u>
Increase (decrease) in net OPEB obligation	(18,014,791)
Net OPEB obligation, beginning of the year	<u>111,166,497</u>
Net OPEB obligation, end of the year	<u>\$ 93,151,706</u>

The annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended June 30, 2017 and the preceding two years were as follows:

<u>Year Ended June 30,</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
2017	\$ 20,947,905	186%	\$ 93,151,706
2016	\$ 22,403,695	79%	\$ 111,166,497
2015	\$ 21,673,193	79%	\$ 106,486,901

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

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

D. Funded Status and Funding Progress

The funded status of the plan as of the most recent actuarial evaluation consists of the following:

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2016	\$ -	\$ 247,381,459	\$ 247,381,459	0%	\$ 171,183,487	145%

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, investment returns, 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 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.

E. 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.

Additional information as of the latest actuarial valuation follows:

Valuation Date	7/1/2016
Actuarial Cost Method	Entry Age
Amortization Method	Level-percentage of payroll
Remaining Amortization Period	21
Asset Valuation	\$ -
Actuarial Assumptions:	
Investment rate of return	7.3%
Discount rate	7.3%
Health care trend rate	4.0%
Inflation rate	3.3%

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS

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

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	\$ 182,182,291	\$ 40,619,015	\$ 23,241,005	\$ 16,665,715
PERS Pension	82,990,751	25,712,502	3,126,368	11,353,873
Total	\$ 265,173,042	\$ 66,331,517	\$ 26,367,373	\$ 28,019,588

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

Benefits provided

The CalSTRS defined benefit plan has two benefit formulas:

CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS

CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS

CalSTRS 2% at 60

CalSTRS 2% at 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

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

Benefits provided (continued)

CalSTRS 2% at 62

CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

Contributions

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 9.205% of their salary for fiscal year 2017, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2017 was 12.58% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$15,192,675 for the year ended June 30, 2017.

On-Behalf Payments

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$5,626,755 to CalSTRS.

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

At June 30, 2017, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	\$ 182,182,291
State's proportionate share of the net pension liability associated with the District	103,728,398
Total	<u>\$ 285,910,689</u>

The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District’s proportion was 0.225 percent, which was a decrease of 0.03005 percent from its proportion measured as of June 30, 2015.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2017, the District recognized pension expense of \$16,665,715. In addition, the District recognized pension expense and revenue of \$18,507,552 for support provided by the State. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 14,483,403	\$ -
Differences between expected and actual experience	-	4,444,130
Changes in proportion and differences between District contributions and proportionate share of contributions	10,942,937	18,796,875
District contributions subsequent to the measurement date	15,192,675	-
	<u>\$ 40,619,015</u>	<u>\$ 23,241,005</u>

The \$15,192,675 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 2,504,568	\$ 3,943,891
2019	2,504,568	3,943,891
2020	10,607,840	3,943,891
2021	7,620,779	3,943,891
2022	2,188,585	3,943,891
2023	-	3,521,550
	<u>\$ 25,426,340</u>	<u>\$ 23,241,005</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

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

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	3.00%
Investment Yield*	7.60%
Wage Inflation	3.75%

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

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on RP2000 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of an actuarial experience study for the period July 1, 2006–June 30, 2010.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance - PCA) as an input to the process. Based on the model from CalSTRS consulting actuary’s (Milliman) investment practice, a best estimate range was determined by assuming the portfolio is re-balanced annually and that annual returns are lognormally distributed and independent from year to year to develop expected percentiles for the long-term distribution of annualized returns. The assumed asset allocation by PCA is based on board policy for target asset allocation in effect on February 2, 2012, the date the current experience study was approved by the board. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2016 are summarized in the following table:

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

* 20-year geometric average

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

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

Discount rate

The discount rate used to measure the total pension liability was 7.60 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increases per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.60 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.60 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.60 percent) or 1-percentage-point higher (8.60 percent) than the current rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
District's proportionate share of the net pension liability	\$ 262,201,404	\$ 182,182,291	\$ 115,723,067

Pension plan fiduciary net position

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

California Public Employees' Retirement System (CalPERS)

Plan Description

The District contributes to the School Employer Pool under the California Public Employees' Retirement System (CalPERS); a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. The plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by state statutes, as legislatively amended, within the Public Employees' Retirement Laws. CalPERS issues a separate comprehensive annual financial report that includes financial statements and required supplementary information. Copies of the CalPERS annual financial report may be obtained from the CalPERS Executive Office, 400 P Street, Sacramento, CA 95811.

Benefits provided

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

Contributions

Active plan members who entered into the plan prior to January 1, 2013, are required to contribute 7.0% of their salary. The California Public Employees' Pension Reform Act (PEPRA) specifies that new members entering into the plan on or after January 1, 2013, shall pay the higher of fifty percent of normal costs or 6.0% of their salary. Additionally, for new members entering the plan on or after January 1, 2013, the employer is prohibited from paying any of the employee contribution to CalPERS unless the employer payment of the member's contribution is specified in an employment agreement or collective bargaining agreement that expires after January 1, 2013.

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2017 was 13.888% of annual payroll. Contributions to the plan from the District were \$7,562,925 for the year ended June 30, 2017.

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

At June 30, 2017, the District reported a liability of \$82,990,751 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2016, the District's proportion was 0.420 percent, which was a decrease of 0.00569 percent from its proportion measured as of June 30, 2015.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

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

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

For the year ended June 30, 2017, the District recognized pension expense of \$11,353,873. At June 30, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 12,877,496	\$ -
Differences between expected and actual experience	3,569,398	-
Changes in assumptions	-	2,493,378
Changes in proportion and differences between District contributions and proportionate share of contributions	1,702,683	632,990
District contributions subsequent to the measurement date	7,562,925	-
	<u>\$ 25,712,502</u>	<u>\$ 3,126,368</u>

The \$7,562,925 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2018	\$ 4,345,828	\$ 1,530,577
2019	4,150,748	1,399,347
2020	6,292,087	196,444
2021	3,360,914	-
	<u>\$ 18,149,577</u>	<u>\$ 3,126,368</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

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

Actuarial assumptions

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2015, and rolling forward the total pension liability to June 30, 2016 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Yield*	7.65%
Wage Inflation	Varies by Entry Age and Service

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

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS’ membership data for all funds. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB.

The actuarial assumptions used in the June 30, 2015, valuation were based on the results of an actuarial experience study for the period from 1997 to 2011.

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

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

Actuarial assumptions (continued)

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

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return Years 1-10*</u>	<u>Real Return Years 11+**</u>
Global Equity	51%	5.25%	5.71%
Global Debt Securities	20%	0.99%	2.43%
Inflation Assets	6%	0.45%	3.36%
Private Equity	10%	6.83%	6.95%
Real Estate	10%	4.50%	5.13%
Infrastructure and Forestland	2%	4.50%	5.09%
Liquidity	1%	-0.55%	-1.05%
	100%		

* An expected inflation of 2.5% used for this period

** An expected inflation of 3.0% used for this period

Discount rate

The discount rate used to measure the total pension liability was 7.65 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS’ website.

Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.65 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.65 percent) or 1-percentage-point higher (8.65 percent) than the current rate:

	<u>1% Decrease (6.65%)</u>	<u>Current Discount Rate (7.65%)</u>	<u>1% Increase (8.65%)</u>
District's proportionate share of the net pension liability	\$ 123,822,662	\$ 82,990,751	\$ 48,990,148

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS, continued
 JUNE 30, 2017

NOTE 11 – PENSION PLANS (continued)

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

Pension plan fiduciary net position

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

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2017.

B. Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2017.

C. Construction Commitments

As of June 30, 2017, the District had commitments with respect to unfinished capital projects as follows:

	Remaining Construction Commitments
Capital Projects	
Pinole Valley High School	\$ 104,664,814
Central Administration/Other	838,912
Korematsu Middle School	598,337
Richmond High School	572,010
Nystrom Elementary School	429,823
Wilson Elementary School	261,681
Crispi Middle School	177,137
Valley View Elementary School	117,456
Information Technology	109,036
Ohlone Elementary School	79,057
El Cerrito High School	48,122
Harmon Knolls	28,245
Grant Elementary School	2,200
Total	<u>\$ 107,926,830</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS, continued
JUNE 30, 2017

NOTE 13 – PARTICIPATION IN JOINT POWERS AUTHORITIES

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

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

NOTE 14 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Refunded Debt

Pursuant to GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, the District recognized deferred outflows of resources in the District-wide financial statements. The deferred outflow of resources pertains to the difference in the carrying value of the refunded debt and its reacquisition price (deferred amount on refunding). Previous financial reporting standards require this to be presented as part of the District's long-term debt. This deferred outflow of resources is recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the new debt, whichever is shorter. At June 30, 2017, the deferred amount on refunding was \$7,189,552.

NOTE 15 – SUBSEQUENT EVENTS

On August 23, 2017, the District issued General Obligation Bonds, 2017 Series A-1 and Series A-2 in the amounts of \$59,480,000 to refund certain outstanding general obligation bonds and to pay costs of issuance of the bonds. The bonds are General Obligation Bonds of the District payable solely from ad valorem taxes. The Bonds mature through August 2034 and bear interest rates ranging from 3.00 % to 5.00%.

**REQUIRED SUPPLEMENTARY
INFORMATION**

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2017**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
REVENUES				
LCFF sources	\$ 256,761,237	\$ 261,178,918	\$ 258,473,209	\$ (2,705,709)
Federal sources	18,183,933	23,776,270	17,528,363	(6,247,907)
Other state sources	39,363,649	41,867,203	37,072,115	(4,795,088)
Other local sources	20,442,487	20,363,900	21,263,904	900,004
Total Revenues	334,751,306	347,186,291	334,337,591	(12,848,700)
EXPENDITURES				
Certificated salaries	128,004,973	127,416,579	127,237,390	179,189
Classified salaries	53,581,817	53,947,416	55,673,974	(1,726,558)
Employee benefits	79,878,097	79,719,622	75,922,126	3,797,496
Books and supplies	15,943,708	26,910,741	11,276,140	15,634,601
Services and other operating expenditures	53,441,464	65,459,245	59,618,408	5,840,837
Capital outlay	2,667,168	3,175,320	6,966,958	(3,791,638)
Other outgo				
Excluding transfers of indirect costs	1,659,576	1,650,576	1,633,681	16,895
Transfers of indirect costs	(852,968)	(869,333)	(828,511)	(40,822)
Total Expenditures	334,323,835	357,410,166	337,500,166	19,910,000
Excess (Deficiency) of Revenues				
Over Expenditures	427,471	(10,223,875)	(3,162,575)	7,061,300
Other				
Transfers in	-	-	129,471	129,471
Other sources	-	-	5,250,000	5,250,000
Transfers out	-	-	(2,361,860)	(2,361,860)
Net Financing Sources (Uses)	-	-	3,017,611	3,017,611
NET CHANGE IN FUND BALANCE				
	427,471	(10,223,875)	(144,964)	10,078,911
Fund Balance - Beginning	72,612,764	72,612,764	72,612,764	-
Fund Balance - Ending	\$ 73,040,235	\$ 62,388,889	\$ 72,467,800	\$ 10,078,911

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

- On behalf payments of \$5,626,755 are not included in the actual revenues and expenditures reported in this schedule.
- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay in accordance with the fund type definitions promulgated by GASB Statement No. 54.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2017**

Actuarial Valuation Date	Actuarial Valuation of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2016	\$ -	\$ 247,381,459	\$ 247,381,459	0%	\$ 171,183,487	145%
July 1, 2014	\$ -	\$ 352,822,847	\$ 352,822,847	0%	\$ 98,284,765	359%
July 1, 2012	\$ -	\$ 365,000,000	\$ 365,000,000	0%	\$ 57,100,000	639%

See accompanying note to required supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
- CALSTRS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.225%	0.255%	0.234%
District's proportionate share of the net pension liability	\$ 182,182,291	\$ 171,875,134	\$ 136,743,158
State's proportionate share of the net pension liability associated with the District	103,728,398	90,902,756	82,571,422
Total	<u>\$ 285,910,689</u>	<u>\$ 262,777,890</u>	<u>\$ 219,314,580</u>
District's covered payroll	\$ 120,430,741	\$ 112,586,953	\$ 117,642,491
District's proportionate share of the net pension liability as a percentage of its covered payroll	151.3%	152.7%	116.2%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	74.0%	76.5%

See accompanying note to required supplementary information.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
- CALPERS
FOR THE YEAR ENDED JUNE 30, 2017

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.420%	0.426%	0.408%
District's proportionate share of the net pension liability	\$ 82,990,751	\$ 62,777,288	\$ 46,262,485
District's covered payroll	\$ 54,456,500	\$ 50,315,714	\$ 47,711,159
District's proportionate share of the net pension liability as a percentage of its covered payroll	152.4%	124.8%	97.0%
Plan fiduciary net position as a percentage of the total pension liability	73.9%	79.4%	83.4%

See accompanying note to required supplementary information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 15,192,675	\$ 12,295,058	\$ 10,288,301
Contributions in relation to the contractually required contribution*	(15,192,675)	(12,295,058)	(10,288,301)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 120,430,741	\$ 112,586,953	\$ 117,642,491
Contributions as a percentage of covered payroll	12.62%	10.92%	8.75%

*Amounts do not include on behalf contributions

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 7,562,925	\$ 5,992,031	\$ 5,618,484
Contributions in relation to the contractually required contribution	(7,562,925)	(5,992,031)	(5,618,484)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 54,456,500	\$ 50,315,714	\$ 47,711,159
Contributions as a percentage of covered payroll	13.89%	11.91%	11.78%

See accompanying note to required supplementary information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

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

Schedule of Funding Progress

This schedule is required by GASB Statement No. 45 for all sole and agent employers that provide other postemployment benefits (OPEB). The schedule presents, for the most recent actuarial valuation and the two preceding valuations, information about the funding progress of the plan, including, for each valuation, the actuarial valuation date, the actuarial value of assets, the actuarial accrued liability, the total unfunded actuarial liability (or funding excess), the actuarial value of assets as a percentage of the actuarial accrued liability (funded ratio), the annual covered payroll, and the ratio of the total unfunded actuarial liability (or funding excess) to annual covered payroll.

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

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

Schedule of District Contributions

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2017, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code as follows:

	Expenditures and Other Uses		
	Budget	Actual	Excess
General Fund			
Classified salaries	\$ 53,947,416	\$ 55,673,974	\$ 1,726,558
Capital outlay	\$ 3,175,320	\$ 6,966,958	\$ 3,791,638

**SUPPLEMENTARY
INFORMATION**

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster	CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U. S. DEPARTMENT OF EDUCATION:			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 6,976,407
Title I, School Improvement Grant (SIG) for QEIA Schools Adult Education	84.377	14971	6,096
Adult Education: Adult Basic Education & ESL	84.002A	14508	264,705
Adult Education: Adult Secondary Education	84.002A	13978	101,096
Adult Education: English Literacy and Civics Education	84.002A	14109	42,392
Subtotal Adult Education			<u>408,193</u>
Title II, Part A, Teacher Quality	84.367	14341	1,419,937
Title II, Part B, CA Mathematics and Science Partnerships	84.366	14512	8,636
Title III			
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	107,761
Title III, Immigrant Education Program	84.365	15146	1,111,629
Subtotal Title III			<u>1,219,390</u>
Title IV, Part B, 21st Century Community Learning Centers (CCLC) - Family Literacy	84.287	14788	307,592
Department of Rehab: Workability II, Transition Partnership	84.158	10006	246,158
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	5,337,105
IDEA Local Assistance Entitlement, Part B, Sec 611	84.027	10115	163,334
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	329,596
Part B, Preschool Grants	84.173	13430	320,961
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	803,060
Preschool Staff Development	84.173A	13431	2,080
Alternative Dispute Resolution, Part B, Sec 611	84.173A	13007	21,097
Subtotal Special Education Cluster			<u>6,977,233</u>
IDEA Early Intervention Grants	84.181	23761	83,664
Carl D. Perkins Career and Technical Education: Secondary, Section 131 (Vocational Education)	84.048	14894	271,373
Title X, McKinney-Vento Homeless Assistance	84.196	14332	148,792
Advanced Placement and International Baccalaureate Test Fee Program	84.330B	14831	52,630
Department of Rehabilitation CA Promise	84.418P	14377	106,848
Total U. S. Department of Education			<u><u>18,232,949</u></u>

Continued on Next Page

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster</u>	<u>CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U. S. DEPARTMENT OF AGRICULTURE:			
<i>Passed through California Department of Education:</i>			
Child Nutrition Cluster			
Especially Needy Breakfast	10.553	13526	2,541,680
National School Lunch Program	10.555	13391	10,027,238
USDA Commodities	10.555	*	1,025,280
Summer Food Service Program for Children	10.559	13004	771,651
Subtotal Child Nutrition Cluster			<u>14,365,849</u>
Total U. S. Department of Agriculture			<u>14,365,849</u>
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Passed through California Department of Health Services:</i>			
Medi-Cal Billing Option	93.778	10013	888,234
<i>Passed through Contra Costa County:</i>			
Workforce Services	93.558	*	63,027
Total U. S. Department of Health & Human Services			<u>951,261</u>
Total Federal Expenditures			<u>\$ 33,550,059</u>

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF AVERAGE DAILY ATTENDANCE (ADA)
FOR THE YEAR ENDED JUNE 30, 2017**

	Second Period Report*	Adjusted Second Period Report*	Annual Report*	Adjusted Annual Report
SCHOOL DISTRICT				
TK/K through Third				
Regular ADA	8,960.62	8,960.64	8,974.54	8,974.56
Extended Year Special Education	23.61	23.61	23.61	23.61
Special Education - Nonpublic Schools	6.37	6.37	6.62	6.62
Extended Year Special Education - Nonpublic Schools	0.85	0.85	0.85	0.85
Total TK/K through Third	8,991.45	8,991.47	9,005.62	9,005.64
Fourth through Sixth				
Regular ADA	6,474.81	6,474.78	6,476.04	6,476.01
Extended Year Special Education	9.30	9.30	9.30	9.30
Special Education - Nonpublic Schools	21.23	21.23	22.29	22.29
Extended Year Special Education - Nonpublic Schools	3.14	3.14	3.14	3.14
Total Fourth through Sixth	6,508.48	6,508.45	6,510.77	6,510.74
Seventh through Eighth				
Regular ADA	3,593.58	3,593.57	3,597.46	3,597.45
Extended Year Special Education	6.13	6.13	6.13	6.13
Special Education - Nonpublic Schools	10.42	10.42	10.96	10.96
Extended Year Special Education - Nonpublic Schools	1.23	1.23	1.23	1.23
Total Seventh through Eighth	3,611.36	3,611.35	3,615.78	3,615.77
Ninth through Twelfth				
Regular ADA	7,849.15	7,849.13	7,808.34	7,808.32
Extended Year Special Education	19.02	19.02	19.02	19.02
Special Education - Nonpublic Schools	37.88	37.88	38.45	38.45
Extended Year Special Education - Nonpublic Schools	5.83	5.83	5.83	5.83
Total Ninth through Twelfth	7,911.88	7,911.86	7,871.64	7,871.62
TOTAL SCHOOL DISTRICT	27,023.17	27,023.13	27,003.81	27,003.77

*As of the audit report date the District has not revised P-2 or Annual for Finding #2017-002.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 SCHEDULE OF INSTRUCTIONAL TIME
 FOR THE YEAR ENDED JUNE 30, 2017**

Grade Level	Minutes Requirement	2016-17 Actual Minutes	Number of Days	Status
Kindergarten	36,000	36,000	180	Complied
Grade 1	50,400	50,409	180	Complied
Grade 2	50,400	50,409	180	Complied
Grade 3	50,400	50,409	180	Complied
Grade 4	54,000	54,026	180	Complied
Grade 5	54,000	54,026	180	Complied
Grade 6	54,000	54,026	180	Complied
Grade 7	54,000	54,395	180	Complied
Grade 8	54,000	54,395	180	Complied
Grade 9	64,800	64,800	180	Complied
Grade 10	64,800	64,800	180	Complied
Grade 11	64,800	64,800	180	Complied
Grade 12	64,800	64,800	180	Complied

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017**

	2018 (Budget)	2017	2016	2015
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 336,561,616	\$ 339,717,062	\$ 340,215,605	\$ 299,799,233
Expenditures And Other Financing Uses	343,993,428	339,862,026	309,902,272	302,452,562
Net change in Fund Balance	\$ (7,431,812)	\$ (144,964)	\$ 30,313,333	\$ (2,653,329)
Ending Fund Balance	\$ 65,035,988	\$ 72,467,800	\$ 72,615,764	\$ 42,885,419
Available Reserves*	\$ 40,797,600	\$ 47,068,072	\$ 46,088,775	\$ 21,888,710
Available Reserves As A Percentage Of Outgo	11.86%	13.85%	14.87%	7.24%
Long-term Debt	\$ 1,565,906,052	\$ 1,607,400,492	\$ 1,621,337,520	\$ 1,448,820,604
Average Daily Attendance At P-2	26,918	27,023	27,170	27,741

The General Fund balance has increased by \$29,582,381 over the past two years. The fiscal year 2017-18 budget projects a decrease of \$7,431,812. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2017-18 fiscal year. Total long-term obligations have increased by \$158,579,888, over the past two years.

Average daily attendance has decreased by 718 ADA over the past two years. A decrease of 105 ADA is anticipated during the 2017-18 fiscal year.

*Available reserves consist of all unassigned fund balance within the General Fund.

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

On behalf payments of \$5,626,755 are not included in the actual revenues and expenditures reported in this schedule.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

	General Fund	Special Reserve Fund for Other Than Capital Outlay
June 30, 2017, annual financial and budget report fund balance	\$ 72,467,800	\$ 13,929,395
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Fund balance transfer (GASB 54)	13,929,395	(13,929,395)
Net adjustments and reclassifications	13,929,395	(13,929,395)
June 30, 2017, audited financial statement fund balance	<u>\$ 86,397,195</u>	<u>\$ -</u>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 SCHEDULE OF CHARTER SCHOOLS
 FOR THE YEAR ENDED JUNE 30, 2017**

Charter School	Status	Included in Audit Report
Leadership Public Schools: LPS Richmond	Active	No
Manzanita Middle School	Active	No
Richmond College Preparation (RCP)	Active	No
Amethod: Benito Juarez Elementary	Active	No
Aspire: Richmond California College Preparatory Academy	Active	No
Aspire: Richmond Technology Academy (RTS)	Active	No
Amethod: John Henry High School	Active	No
Amethod: Richmond Charter Academy	Active	No
Summit Public Schools: Tamalpais	Active	No

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
JUNE 30, 2017**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
ASSETS								
Cash and investments	\$ 1,197,396	\$ 1	\$ 68,043	\$ 6,965,833	\$ 2,741,590	\$ 4,539,829	\$ 940,112	\$ 16,452,804
Accounts receivable	436,350	86,216	3,533,312	-	-	-	-	4,055,878
Stores inventory	-	-	621,729	-	-	-	-	621,729
Total Assets	\$ 1,633,746	\$ 86,217	\$ 4,223,084	\$ 6,965,833	\$ 2,741,590	\$ 4,539,829	\$ 940,112	\$ 21,130,411
LIABILITIES								
Accrued liabilities	\$ 102,625	\$ 28,441	\$ 598,302	\$ 189,029	\$ -	\$ 106,531	\$ -	\$ 1,024,928
Due to other funds	-	57,763	1,093,599	-	-	-	-	1,151,362
Unearned revenue	-	-	-	-	-	1,411,092	-	1,411,092
Total Liabilities	102,625	86,204	1,691,901	189,029	-	1,517,623	-	3,587,382
FUND BALANCES								
Non-spendable	-	-	621,729	-	-	-	-	621,729
Restricted	627,606	13	1,909,454	6,776,804	2,741,590	3,022,206	940,112	16,017,785
Assigned	903,515	-	-	-	-	-	-	903,515
Total Fund Balances	1,531,121	13	2,531,183	6,776,804	2,741,590	3,022,206	940,112	17,543,029
Total Liabilities and Fund Balance	\$ 1,633,746	\$ 86,217	\$ 4,223,084	\$ 6,965,833	\$ 2,741,590	\$ 4,539,829	\$ 940,112	\$ 21,130,411

See accompanying note to supplementary information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2017**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund for Blended Component Units	Non-Major Governmental Funds
REVENUES								
Federal sources	471,220	\$ 544,657	\$ 14,365,849	\$ -	\$ -	\$ -	\$ -	15,381,726
Other state sources	2,640,375	1,989,800	899,309	-	2,740,128	622,025	-	8,891,637
Other local sources	264,300	54,544	1,034,730	1,987,891	11	1,349,670	-	4,691,146
Total Revenues	3,375,895	2,589,001	16,299,888	1,987,891	2,740,139	1,971,695	-	28,964,509
EXPENDITURES								
Current								
Instruction	1,808,482	2,280,725	-	-	-	-	-	4,089,207
Instruction-related services								
Instructional supervision and administration	220,649	349,515	-	-	-	-	-	570,164
Instructional library, media, and technology	39	-	-	-	-	-	-	39
School site administration	760,867	192,210	-	-	-	-	-	953,077
Pupil services								
Food services	-	7,252	15,997,810	-	-	-	-	16,005,062
All other pupil services	14,269	69,025	-	-	-	-	-	83,294
General administration								
All other general administration	1,834	156,631	670,046	-	-	-	-	828,511
Plant services	269,720	5,929	199,783	-	-	85,330	-	560,762
Facilities acquisition and maintenance	-	-	-	761,957	-	2,541,454	-	3,303,411
Total Expenditures	3,075,860	3,061,287	16,867,639	761,957	-	2,626,784	-	26,393,527
Excess (Deficiency) of Revenues Over Expenditures	300,035	(472,286)	(567,751)	1,225,934	2,740,139	(655,089)	-	2,570,982
Other Financing Sources (Uses)								
Transfers in	-	361,860	-	-	-	-	-	361,860
Transfers out	-	-	-	-	-	(129,471)	-	(129,471)
Net Financing Sources (Uses)	-	361,860	-	-	-	(129,471)	-	232,389
NET CHANGE IN FUND BALANCE	300,035	(110,426)	(567,751)	1,225,934	2,740,139	(784,560)	-	2,803,371
Fund Balance - Beginning	1,231,086	110,439	3,098,934	5,550,870	1,451	3,806,766	940,112	14,739,658
Fund Balance - Ending	\$ 1,531,121	\$ 13	\$ 2,531,183	\$ 6,776,804	\$ 2,741,590	\$ 3,022,206	\$ 940,112	\$ 17,543,029

See accompanying note to supplementary information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
 LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE
 JUNE 30, 2017**

The West Contra Costa Unified School District was established as the Richmond Unified School District on July 1, 1965, 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. There were no changes in the boundaries of the District during the current year. The District is operating one special education pre-school, thirty-four elementary schools, two kindergarten through eighth, six middle schools, one middle-college high and six high schools. The District also maintains two alternative high schools, an elementary community day school and a school for continuing adult education.

GOVERNING BOARD

Member	Office	Term Expires
Elizabeth Block	President	December 2018
Valerie Cuevas	Clerk	December 2018
Madeline Kronenberg	Member	December 2018
Tom Panas	Member	December 2020
Mister Phillips	Member	December 2020

DISTRICT ADMINISTRATORS

Matthew Duffy
Superintendent of Schools

Lisa LeBlanc
Associate Superintendent, Operations

Christopher Mount-Benites
Associate Superintendent, Business Service

Nia Rashidchi
Associate Superintendent, Pre-K to Adult Educational Service

Steve Collins
Associate Superintendent, SELPA

Kenneth Whittemore
Assistant Superintendent, Human Resources

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
JUNE 30, 2017

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Expenditures of Federal Awards

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

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

The following schedule provides reconciliation between revenues reported on the Statement of Revenue, Expenditures, and Changes in Fund Balance, and the related expenditures reported on the Schedule of Expenditures of Federal Awards. The reconciling amounts represent Federal funds that have been recorded as revenues in a prior year that have been expended by June 30, 2017 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2017.

	CFDA	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 36,587,416
Medi-Cal Billing Option	93.778	639,969
Build America Bonds	*	<u>(3,677,326)</u>
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$33,550,059</u>

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code Sections 46200 through 46208*. During the year ended June 30, 2017, the District participated in the Longer Day incentive funding program. As of June 30, 2017, the District had not yet met its target funding.

Schedule of Financial Trends and Analysis

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION, continued
JUNE 30, 2017

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Charter Schools

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

Combining Statements – Non-Major Funds

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

Local Education Agency Organization Structure

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

**OTHER INDEPENDENT
AUDITORS' REPORTS**

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING
STANDARDS**

Independent Auditors' Report

Governing Board
West Contra Costa Unified School District
Richmond, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Contra Costa Unified School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the West Contra Costa Unified School District's basic financial statements, and have issued our report thereon dated December 14, 2017.

Internal Control over Financial Reporting

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

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

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

SAN DIEGO

LOS ANGELES

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State Board of Accountancy

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did identify a deficiency in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiency. (Finding #2017-001).

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 Findings

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

Purpose of this Report

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

Christy White Associates

San Diego, California
December 14, 2017

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

Independent Auditors' Report

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

Governing Board

West Contra Costa Unified School District

Richmond, California

Report on Compliance for Each Major Federal Program

We have audited West Contra Costa Unified School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of West Contra Costa Unified School District's major federal programs for the year ended June 30, 2017. West Contra Costa Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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Opinion on Each Major Federal Program

In our opinion, West Contra Costa Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Christy White Associates

San Diego, California
December 14, 2017

REPORT ON STATE COMPLIANCE

Independent Auditors' Report

Christy White, CPA

Michael D. Ash, CPA

John Whitehouse, CPA

Heather Daud Rubio

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Governing Board
West Contra Costa Unified School District
Richmond, California

Report on State Compliance

We have audited West Contra Costa Unified School District's compliance with the types of compliance requirements described in the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of West Contra Costa Unified School District's state programs for the fiscal year ended June 30, 2017, as identified below.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of West Contra Costa Unified School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2016-17 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in Title 5, *California Code of Regulations*, section 19810. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about West Contra Costa Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on State Compliance

In our opinion, West Contra Costa Unified School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items #2017-002 and #2017-003. Our opinion on state compliance is not modified with respect to these matters.

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

Procedures Performed

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

<u>PROGRAM NAME</u>	<u>PROCEDURES PERFORMED</u>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Mental Health Expenditures	Yes
Educator Effectiveness	Yes
California Clean Energy Jobs Act	Yes

(continued on following page)

PROGRAM NAME	PROCEDURES PERFORMED
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study-Course Based	Not Applicable
Immunizations	Yes
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Annual Instructional Minutes – Classroom Based; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

Christy White Associates

San Diego, California
December 14, 2017

**SCHEDULE OF FINDINGS
AND QUESTIONED COSTS**

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2017**

FINANCIAL STATEMENTS

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

FEDERAL AWARDS

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.010</u>	<u>Title I, Part A, Basic Grants Low-Income and Neglected</u>
<u>84.365</u>	<u>Title III</u>
<u>10.553, 10.555, 10.559</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,006,502</u>
Auditee qualified as low-risk auditee?	<u>Yes</u>

STATE AWARDS

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

FIVE DIGIT CODE

20000
30000

AB 3627 FINDING TYPE

Inventory of Equipment
Internal Control

FINDING #2017-001: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)

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

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

Middle School

- 1 of 6 cash receipts selected for testing did not have the deposit slip accompanying the bank statements.
- 2 of 6 cash receipts selected for testing were not deposited in a timely manner. Cash receipts were for small dollar amounts, but one deposit had receipts dated four months before the deposit date.

High School

- 2 out of 10 cash expenditures tested indicate missing student representative's approval signature on the check request form.
- 1 out of 10 cash disbursement tested indicate missing backup documents.
- 1 out 10 cash receipts tested indicate missing tally sheet for the money received.
- 1 out of 10 cash receipt tested indicated missing backup documents.

Cause: Sites are not following District ASB policies and procedures.

Effect: The potential for irregularities in accounting to go undetected.

Context: Testing was performed over a representative sample of the District's student body accounts.

Recommendation: We recommend that the District implement procedures to ensure that adequate supporting documentation is maintained for ASB cash collections. The District should utilize ticket logs, tally sheets and/or sales detail forms that indicate number of items sold and the prices to support student funds cash collection activities. The District should provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

District Response: The District agrees with this finding. The District provided each student body account clerk with latest FCMAT Associated Student Body (ASB) Accounting Manual & Desk References as well as the ASB training in October 2017. The District will continue to monitor ASB funds as well as on-site visits throughout the 2017-18 school year.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

FIVE DIGIT CODE

50000

AB 3627 FINDING TYPE

Federal Compliance

There were no findings or questioned costs related to federal awards for 2016-17.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

<u>FIVE DIGIT CODE</u>	<u>AB 3627 FINDING TYPE</u>
10000	Attendance
40000	State Compliance
42000	Charter School Facilities Programs
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

FINDING #2017-002: ATTENDANCE REPORTING (10000)

Criteria: Absence notes, tardy notes, signed rosters and other source documentation of attendance should be correctly posted to the District's attendance system and retained per Education Code Section 46000 et seq.

Condition:

- 2 out of 5 short-term independent study agreements tested resulted in a missing student's signature date on the agreement or incorrect number of days recorded in the attendance system.
- 1 of 20 absent notes selected for testing did not match what was reported in PowerSchool. Student had an absent note but was marked as being present in PowerSchool.
- 1 of 10 students selected for testing was marked absent in PowerSchool, but were present and signed the teacher's attendance roster.
- 3 of 10 students selected for testing were marked present in PowerSchool but never signed the teacher's attendance roster.
- 1 of 2 students on independent study who were selected for testing, had a contract that was signed but was missing the signatures date of the parent and student.

Cause: Discrepancy was due to attendance errors made at the sites because of not following district procedures.

Effect: Misstatement of ADA on the P-2 and Annual attendance report.

Context: We tested short-term independent study at 10 school sites.

ADA Impact: The District's Annual Attendance Report was overstated by 6 ADA. Grades TK-3 was understated by 3 ADA, grades 4-6 was overstated by 5 ADA, grades 7-8 was overstated by 1 ADA, grades 9-12 was overstated by 3 ADA.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINDING #2017-002: ATTENDANCE REPORTING (10000) (continued)

Questioned Cost:

	Grades TK -3	Grades 4-6	Grades 7-8	Grades 9-12	Total
Coronado Elementary School	3				3
Dejean Middle School			(1)		(1)
Greenwood Academy				(2)	(2)
Richmond High School				(1)	(1)
Stege Elementary		(5)			(5)
Total ADA Impact	3	(5)	(1)	(3)	(6)
P-2 Divisor	137	137	137	137	137
ADA/Divisor	0.02	(0.03)	(0.01)	(0.02)	(0.04)
LCFF Funding Base Grant	7,083	7,189	7,403	8,578	
Total Grain (Loss) Funding	141.66	(215.67)	(74.03)	(171.56)	(319.60)

Recommendation: We recommend that the District ensure that proper attendance accounting and record keeping is taking place at the various school sites. In addition, the District should provide training on controls and compliance over attendance accounting and revise the P-2 to reflect the changes.

District Response: The District agrees with this finding. The District will revise and resubmit the P-2 Report of Attendance to reflect the reduction of 0.04 of Average Daily Attendance (ADA). The District will continue to monitor attendance accounting at the school sites and provide additional training throughout the 2017-18 school year.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINDING #2017-003 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

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

Condition: One (1) of 60 pupils tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were classified as free or reduced price meal eligible (FRPM) did not have proper supporting documentation to support their designation.

Cause: Appears to be a result of clerical error during the base year of collection.

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

Context: One (1) of 60 pupils reported as free or reduced price meal eligible (FRPM) did not have proper supporting documentation to support their designation.

Questioned Costs: To determine questioned costs, the error rate (1/60) was extrapolated over the entire impacted population for all schools (1,181), as the error only related to FRPM determination, only pupils eligible based on FRPM were considered, to get a total of 20 unallowed students. The total questioned cost is \$25,139 as calculated as follows:

1	Total Adjusted Enrollment from the UPP exhibit as of P-2				86,298
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2				64,186
3	Audit Adjustment - Number of Enrollment				-
4	Audit Adjustment - Number of Unduplicated Pupil Count				(20)
5	Revised Adjusted Enrollment				86,298
6	Revised Adjusted Unduplicated Pupil Count				64,166
7	UPP calculated as of P-2				0.7438
8	Revised UPP for audit finding				0.7435
10	Revised UPP adjusted for Concentration Cap				0.7435
9	Supplemental and Concentration Grant ADA	8,991.45	6,508.48	3,611.36	7,911.88
10	Adjusted Base Grant per ADA	\$7,820	\$7,189	\$7,403	\$8,801
11	Target Supplemental Grant Funding calculated as of P-2				\$31,755,790
12	Revised Target Supplemental Grant Funding for audit finding				\$31,742,982
13	Target Supplemental Grant Funding audit adjustment				(\$12,808)
14	Target Concentration Grant Funding calculated as of P-2				\$20,685,239
15	Revised Target Concentration Grant Funding for audit finding				\$20,653,218
16	Target Concentration Grant Funding audit adjustment				(\$32,021)
18	Total Target Supplemental and Concentration audit adjustment				(\$44,829)
19	Statewide Gap Funding Rate as of P-2				0.5607679980
20	Estimated Cost of Unduplicated Pupil Count audit adjustment				(\$25,139)

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

**FINDING #2017-003 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)
(continued)**

Recommendation: We recommend that the District ensure that all students listed as FRPM in the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report have supporting documentation to support their CALPADS designation.

District Response: The District agrees with this finding. With the 17-18 school year the District has made following changes and established additional procedures.

- Scanning each document into a file for safe keeping at district level
- Checking each file for proper indication of eligibility
- Extracting the final data into an excel spreadsheet for quick reference on how the student was eligible or ineligible

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

FINDING #2016-01: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000)

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

Condition: Through our testing of 13 school site ASB accounts, we noted the following internal control deficiencies at 5 school sites. The deficiencies for these school sites are summarized below:

- Cash Receipts: We found that there is no paper trail for the money collection of the fairyland field trip. Principal collected the money and once the goal amount was reached, the deposit was made. No one double counted the money to verify it was correct.
- Office Manager has been the only one that is signing checks. She is the book keeper and signor on the account. We suggest two signatures are required or another person sign the checks. Office Manager says has another person double count any money received, yet we were unable to verify as there was no signature to indicate a second counter on the form
- An annual budget is not prepared by the ASB. Clubs do not currently have constitutions or charters on file. Revenue potential worksheets are not prepared for major events or fundraisers.
- Nine (9) out of ten disbursements tested did not have proper approval from faculty advisor, student representative, or both or did not have authorization for payment forms. Two (2) out of ten disbursements did not appear to be appropriate expenditures of student funds. Two (2) out of ten disbursements did not have invoices or supporting documentation that reconciled to the check amount
- Auditor noted that one (1) out of ten receipts did not have supporting documentation that agreed to the receipt amount. Auditor also noted that one (1) out of ten receipts tested was recorded in an incorrect subaccount.
- No revenue potentials, annual budgets or student minutes are prepared or recorded.
- Evidence of receipts of goods is lacking. Three (3) out of four receipts tested lacked adequate supporting documentation.
- Five (5) of ten ASB disbursements tested did not have proper approval. Student Representative Signature is missing on all five disbursements. One (1) of ten disbursements tested was not an appropriate expenditure. It appears that faculty/staff purchased apparel using ASB funds that were subsequently paid back to the ASB.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINDING #2016-01: ASSOCIATED STUDENT BODY (ASB) FUNDS (30000) (continued)

Cause: Insufficient controls over student body activities.

Effect: The potential for irregularities in accounting to go undetected.

Perspective: We perform tests of controls over ASB accounting to determine that an adequate system of internal controls has been established and is being followed. We test samples of cash receipts at each school, looking for the largest sources of revenue. We trace transactions from their inception to the deposit in the bank, ensuring that a complete audit trail exists. We also test the cash disbursement process to determine whether ASB funds are properly authorized and spent according to appropriate District guidelines for use of student funds.

We audited 13 ASBs at the school sites selected for testing in fiscal year 2015-16. Our audit included an evaluation of internal control procedures over: cash disbursements, cash receipts, and ASB organization

Recommendation: We recommend that the District implement procedures to ensure that adequate supporting documentation is maintained for ASB cash collections. The District should utilize ticket logs, tally sheets and/or sales detail forms that indicate number of items sold and the prices to support student funds cash collection activities. We recommend that all organized ASB's have approved budgets and all purchase requisitions have all required signature prior to the purchase of goods or services. All sites should be reminded of what are allowable and unallowable uses of ASB fund and ASB activities. The District should provide each student body account clerk with the latest FCMAT Associated Student Body Accounting Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

District Response: The District agrees with this finding. The District provided each student body account clerk with latest FCMAT Associated Student Body (ASB) Accounting Manual & Desk Reference as well as the FCMAT ASB training in October 2016. The District will continue to monitor ASB funds as well as on-site visits throughout the 2016-17 school year.

Current Status: Partially Implemented, See Finding #2017-001.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINDING #2016-02 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)

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

Condition: One (1) of 60 pupils tested from the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report who were classified as free or reduced price meal eligible (FRPM) did not have proper supporting documentation to support their designation.

Cause: Lack of adequate oversight and familiarity with CALPADS requirements.

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

Context: One (1) of 60 pupils reported as free or reduced price meal eligible (FRPM) did not have proper supporting documentation to support their designation.

Questioned Costs: To determine questioned costs, the error rate (1/60) was extrapolated over the entire impacted population for all schools (1,319), as the error only related to FRPM determination, only pupils eligible based on FRPM were considered, to get a total of 22 unallowed students. The total questioned cost is \$15,787 as calculated on the subsequent page.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2017

FINDING #2016-02 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)

		Data Input and Calculated Fields	
UPP Audit Adjustment		Section 1: Regular UPP	Section 2: Alternate UPP*
1	Total Adjusted Enrollment from the UPP exhibit as of P-2	87,268	86,927
2	Total Adjusted Unduplicated Pupil Count from the UPP exhibit as of P-2	65,167	64,893
3	Number of Unduplicated Pupil Count audit adjustment		(22)
4	Revised Adjusted Unduplicated Pupil Count	65,145	64,871
5	UPP calculated as of P-2	0.7467	0.7465
6	Revised UPP for audit finding	0.7465	0.7463
7	Greater of Revised UPP for audit finding from Section 1 or 2		0.7465
8	Charter Schools Only: Determinative School District Concentration Cap		
9	Revised UPP adjusted for Concentration Cap		0.7465
LCFF Target Base Grant Funding		Estimated Values	
10	Total Base Grant Funding as of P-2	\$214,554,825	
LCFF Target Supplemental Grant Funding Audit Adjustment			
11	Target Supplemental Grant Funding calculated as of P-2	\$32,041,618	
12	Revised Target Supplemental Grant Funding for audit finding	\$32,033,035	
13	Target Supplemental Grant Funding audit adjustment	(\$8,583)	
LCFF Target Concentration Grant Funding Audit Adjustment			
14	Target Concentration Grant Funding calculated as of P-2	\$21,101,467	
15	Revised Target Concentration Grant Funding for audit finding	\$21,080,012	
16	Target Concentration Grant Funding audit adjustment	(\$21,455)	
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded at LCFF Target			
17	Total Target Supplemental and Concentration audit adjustment	(\$30,038)	
Estimated Cost of Unduplicated Pupil Count Audit Adjustment for LEAs funded on LCFF Floor and Gap			
18	Statewide Gap Funding Rate as of P-2	0.5255761597	
21	Estimated Cost of Unduplicated Pupil Count audit adjustment	(\$15,787)	

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*
FOR THE YEAR ENDED JUNE 30, 2017

FINDING #2016-02 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000) (continued)

Recommendation: We recommend that the District ensure that all students listed as FRPM in the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report have supporting documentation to support their CALPADS designation.

District Response: District agrees with this finding. The CalPADS administrator will provide a detailed list of all students designated as free or reduced price meal eligible (FRPM). The management position responsible for FRPM activities shall review and certify the numbers included in the 1.18 form prior to final submission.

Current Status: Not Implemented, See Finding #2017-003.

FINDING #2016-03 – MIDDLE OR EARLY COLLEGE HIGH SCHOOL (40000)

Criteria: If a District has a school that meets the definition of a middle college high school as described in Education Code section 11300 or early college high school as described in Education Code section 11302, the pupils need to meet the instructional time and enrollment conditions set forth in Education Code section 46146.5 which requires the minimum day of attendance for a pupil enrolled in an early college high school or middle college high to be 180 minutes.

Condition: Through our testing, we identified that a majority of students are not enrolled in the required 180 minutes per day. We identified that the decrease in ADA after removing the unallowable days was a 53.6% decrease in ADA.

Cause: The District misinterpreted the requirements of the program. They thought the 180 minutes was to be achieved through a combination of high school and college classes.

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

Context: The District has one Middle College High School generating ADA.

Questioned Costs: 146.33 ADA for grade span 9 -12, totaling \$1,287,850

Recommendation: We recommend that the District file for an appeal.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINDING #2016-03 – MIDDLE OR EARLY COLLEGE HIGH SCHOOL (40000) (continued)

District Response: The District disagrees with this finding. Middle College High School is a dual enrollment program in which high school students concurrently engage in high school and college courses. Students in the program typically attend to 250 – 270 hours of classes each day. They are mostly within high school classes. At the same time, the design of the program requires that every student enroll in two college classes each semester. The District believed that we were in compliance with the daily instructional minute requirement. The District did not know that attendance in college classes would not be considered within these minutes.

Current Status: Implemented.

FINDING #2016-4: SHORT-TERM INDEPENDENT STUDY (10000)

State Funding Source: Local Control Funding Formula (LCFF), independent study program.

Criteria: For attendance generated through independent study, all independent study written agreements need to contain the signatures of the pupil, pupil's parent/guardian, and a certificated employee affixed prior to the commencement of the independent study (Education Code Section 51747(c)(8)).

Condition: We found that 88 of 403 independent study apportionment days sampled, did not have a completed contract (missing signatures, work samples and contracts) resulting in 88 days of apportionment that were overstated.

Effect: Possible loss of apportionment funding for days of attendance related to deficient independent study contracts.

Cause: Procedures were not fully followed to obtain all required elements of the independent study agreement on or before the independent study start date. This results in a loss of apportionment funding for days of attendance related to deficient independent study contracts.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, continued
FOR THE YEAR ENDED JUNE 30, 2017**

FINDING #2016-4: SHORT-TERM INDEPENDENT STUDY (10000) (continued)

Questioned Costs: 88 apportionment days were overstated as tested.

Grade Span	Grade K-3	Grade 4-6	Grade 7-8	Grade 9-12	Total
Attendance Days Overstated	67	6	6	9	
Days in P2	138	138	138	138	
Overstated ADA	0.49	0.04	0.04	0.07	
Base Grant per ADA	\$ 7,083	\$ 7,189	\$ 7,403	\$ 8,579	
Questioned Cost by Grade Span	\$ 3,439	\$ 313	\$ 322	\$ 560	\$ 4,633

Given 138 days in the 2015-16 P-2 attendance period and a 2015-16 LCFF Entitlement per ADA as noted above, the fiscal impact of the ADA overstatement is approximately \$4,633. The District plans to revise P-2 to include the change.

Recommendation: We recommend that the District revise the P-2 and Annual attendance reports and implement internal control procedures to ensure that independent study contracts are being completed with all necessary information required by Education Code Section 51747 and signed/approved prior to the commencement of the contract.

District Response: The District agrees with this finding. The District will revise the P - 2 and Annual attendance reports to reflect the adjustment. The District has implemented and proceeded to do extensive training with clerical and admin on the importance of following the proper guidelines given to follow with all short term independent study contracts, especially with the dating of contracts.

Current Status: Not Implemented, See Finding #2017-002.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*
FOR THE YEAR ENDED JUNE 30, 2017

FINDING #2016-05: ATTENDANCE (10000)

State Funding Source: Local Control Funding Formula (LCFF), Attendance

Criteria: Regular class attendance submitted to the California Department of Education (CDE) should reconcile to the supporting documents that support the local education agency's Average Daily Attendance (ADA) in accordance with California *Education Code Section 46000* et seq.

Condition: Through our testing of the attendance at the 13 sampled school sites, we noted that teacher signed attendance rosters to verify the reported attendance was supported by contemporaneous records as determined by certificated personnel are not signed in a timely manner. Upon additional testing at the school sites, we were able to verify through review of alternative contemporaneous documentation (absence notes, tardy logs, etc.) that the reported attendance for the P2 period was deemed verifiable despite the untimely contemporaneous signed teacher roster. We noted 46 out of 100 teacher signed rosters are not completed timely.

Effect: The District is out of compliance with the State's requirements regarding attendance reporting and record retention.

Cause: Teachers are not signing rosters timely and site attendance staff are not following to verify all rosters are received.

Questioned Cost: There is no questioned cost because the attendance data was able to be substantiated through alternative procedures.

Recommendation: We recommend that the District immediately implement procedures at the sites to verify rosters are being signed timely. The District should provide training to site attendance personnel on the requirements relating to retention of attendance source documents.

District Response: The District agrees with this finding. The District is in the process of revising the procedures to comply with a monthly check off listing for class attendance audit for each teacher through a Google Document for Admin and Department review. The attendance department will provide training to site attendance personnel on the requirements relating to retention of attendance source documents and receive a notification each month for tracking purposes.

Current Status: Implemented.