

# WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT

AUDIT REPORT  
JUNE 30, 2015

San Diego

Los Angeles

San Francisco  
Bay Area

christywhite  
A PROFESSIONAL  
ACCOUNTANCY CORPORATION *associates*

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
OF CONTRA COSTA COUNTY**

**RICHMOND, CALIFORNIA**

**JUNE 30, 2015**

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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 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**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Todd A. Groves	President	December 2016
Randall Enos	Clerk	December 2016
Madeline Kronenberg	Member	December 2018
Elizabeth Block	Member	December 2018
Valerie Cuevas	Member	December 2018

**DISTRICT ADMINISTRATORS**

Bruce Harter, Ph.D.  
*Superintendent of Schools*

Wendell Greer  
*Associate Superintendent, K-12*

Lisa LeBlanc  
*Associate Superintendent, Operations*

Sheri Gamba  
*Associate Superintendent, Business Service*

Nia Rashidchi  
*Assistant Superintendent, Educational Service*

Kenneth Whittemore  
*Assistant Superintendent, Human Resources*

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**TABLE OF CONTENTS**  
**FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL SECTION**

Independent Auditors' Report .....	1
Management's Discussion and Analysis.....	4
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position .....	14
Statement of Activities .....	15
Fund Financial Statements	
Governmental Funds – Balance Sheet.....	16
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	17
Governmental Funds – Statement of Revenues, Expenditures, and Changes in Fund Balances.....	18
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities .....	19
Proprietary Funds – Statement of Net Position .....	21
Proprietary Funds – Statement of Revenues, Expenses, and Changes in Net Position.....	22
Proprietary Funds – Statement of Cash Flows.....	23
Fiduciary Funds – Statement of Net Position.....	24
Fiduciary Funds – Statement of Changes in Net Position.....	25
Notes to Financial Statements .....	26

**REQUIRED SUPPLEMENTARY INFORMATION**

General Fund – Budgetary Comparison Schedule .....	71
Schedule of Funding Progress .....	72
Schedule of the District's Proportionate Share of the Net Pension Liability - CalSTRS .....	73
Schedule of the District's Proportionate Share of the Net Pension Liability - CalPERS.....	74
Schedule of District Contributions - CalSTRS .....	75
Schedule of District Contributions - CalPERS.....	76
Notes to Required Supplementary Information.....	77

**SUPPLEMENTARY INFORMATION**

Schedule of Expenditures of Federal Awards .....	79
Schedule of Average Daily Attendance (ADA).....	81
Schedule of Instructional Time.....	82
Schedule of Financial Trends and Analysis.....	83
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements.....	84
Schedule of Charter Schools .....	85
Combining Statements – Non-Major Governmental Funds	
Combining Balance Sheet.....	86
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances.....	87
Notes to Supplementary Information.....	88

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
TABLE OF CONTENTS  
FOR THE YEAR ENDED JUNE 30, 2015**

---

**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* ..... 90  
Report on Compliance For Each Major Federal Program; and Report on Internal Control Over Compliance Required by OMB Circular A-133 ..... 92  
Report on State Compliance..... 94

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

Summary of Auditors' Results ..... 97  
Financial Statement Findings..... 98  
Federal Award Findings and Questioned Costs ..... 100  
State Award Findings and Questioned Costs..... 101

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# FINANCIAL SECTION

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## 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, 2015, 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.

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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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, 2015, 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.

### ***Emphasis of a Matter***

As described in Note 1 to the financial statements, in 2015 West Contra Costa Unified adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. Our opinion is not modified with respect to this matter.

### ***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'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 the U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Non-Profit Organizations*, 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 15, 2015 on our consideration of West Contra Costa Unified'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 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's internal control over financial reporting and compliance.

*Christy White Associates*

San Diego, California  
December 15, 2015



**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2015**

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**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**

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

Bruce Harter, Ph.D.  
Superintendent of Schools

Sheri Gamba  
Associate Superintendent  
Business Services

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**INTRODUCTION**

Our discussion and analysis of West Contra Costa Unified's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2015. 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 (\$5,761,819) at June 30, 2015. This was a decrease of \$232,937,392 from the prior year before restatement. The cause of the decrease in total net position is largely due to the implementation of GASB 68. This accounting standard was issued by the Governmental Accounting Standards Board (GASB) and makes changes to the recording for costs and liabilities related to employee pensions. GASB 68 relates to the accrual-basis financial statements, the government-wide financial statements. The implementation of GASB 68 in fiscal year 2014-15 establishes a net pension liability that can be seen in the government-wide financial statement causing an increase to the overall long term debt for West Contra Costa Unified.
- Overall revenues were \$405,905,172 which were less than expenses of \$422,972,773.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2015**

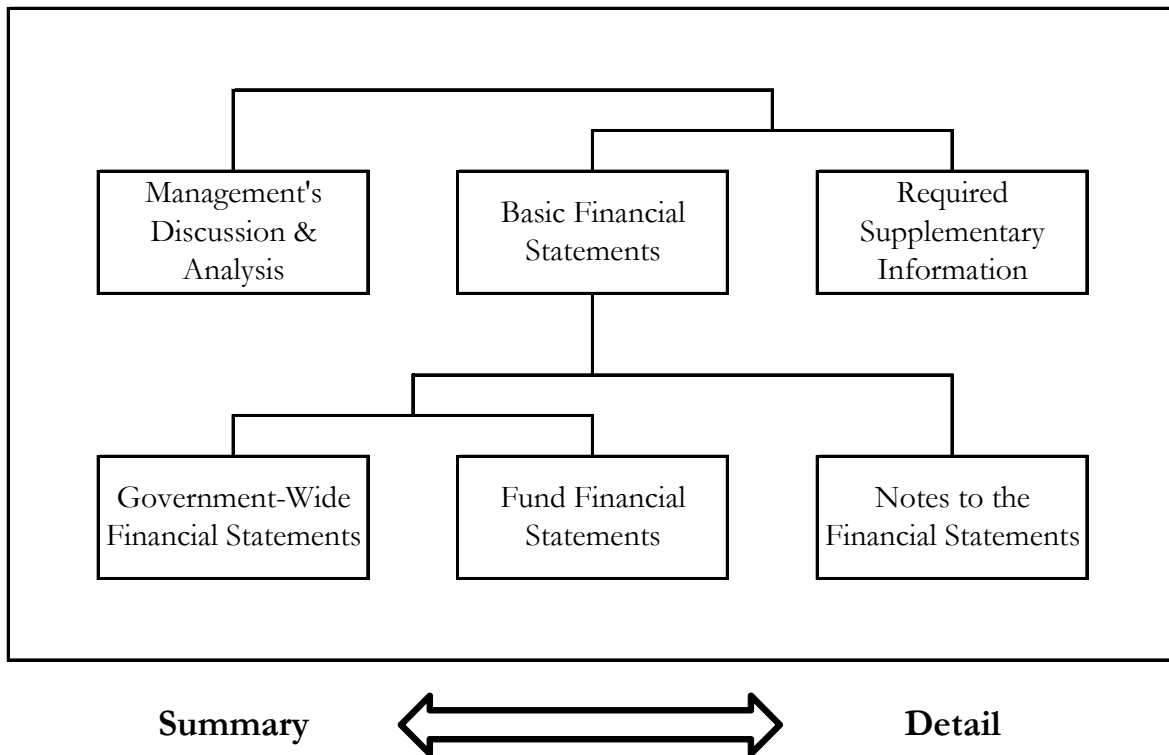
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**FINANCIAL HIGHLIGHTS (continued)**

The District prepares for the 2015-16 school year with a sense of hope for the new Local Control Funding Formula (LCFF), which promises an implementation plan that will bring the District increased revenues, and an ability to better serve our neediest students. The landmark legislation is being shepherded in over the course of 2014-15 with new budget, community engagement and activity accountability provisions. The District has tackled the difficult task of managing a budget in order to remain solvent during tough times, now it will tackle the new LCFF with equal resolve for success.

**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, 2015**

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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 Formula Funding 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, 2015**

**Government-Wide Statements (continued)**

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

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2015**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE**

**Net Position**

The District's combined net position was (\$5,761,819) at June 30, 2015, as reflected in the table below. Of this amount, (\$378,499,422) 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.

	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 272,737,031	\$ 281,701,150	\$ (8,964,119)
Capital assets	1,262,372,106	1,127,372,604	134,999,502
<b>Total Assets</b>	<b>1,535,109,137</b>	<b>1,409,073,754</b>	<b>126,035,383</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>18,796,214</b>	<b>2,855,004</b>	<b>15,941,210</b>
<b>LIABILITIES</b>			
Current liabilities	96,512,037	48,057,256	48,454,781
Long-term liabilities	1,413,586,083	1,136,695,929	276,890,154
<b>Total Liabilities</b>	<b>1,510,098,120</b>	<b>1,184,753,185</b>	<b>325,344,935</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>49,569,050</b>	<b>-</b>	<b>49,569,050</b>
<b>NET POSITION</b>			
Net investment in capital assets	291,440,810	160,098,527	131,342,283
Restricted	81,296,793	146,521,748	(65,224,955)
Unrestricted	(378,499,422)	(79,444,702)	(299,054,720)
<b>Total Net Position</b>	<b>\$ (5,761,819)</b>	<b>\$ 227,175,573</b>	<b>\$ (232,937,392)</b>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2015**

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**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, rounds off the numbers, and rearranges them slightly, so you can see our total revenues, expenses, and special items for the year.

	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 849,056	\$ 1,012,052	\$ (162,996)
Operating grants and contributions	75,322,639	77,761,557	(2,438,918)
Capital grants and contributions	730,582	34,401,992	(33,671,410)
General revenues			
Property taxes	161,495,582	146,355,629	15,139,953
Unrestricted federal and state aid	155,828,269	136,714,604	19,113,665
Other	11,679,044	6,474,760	5,204,284
<b>Total Revenues</b>	<b>405,905,172</b>	<b>402,720,594</b>	<b>3,184,578</b>
<b>EXPENSES</b>			
Instruction	189,484,804	174,019,909	15,464,895
Instruction-related services	51,915,533	45,344,710	6,570,823
Pupil services	51,165,705	47,193,531	3,972,174
General administration	22,415,756	21,762,650	653,106
Plant services	38,639,451	33,729,587	4,909,864
Ancillary and community services	6,725,965	6,768,997	(43,032)
Debt service	62,558,280	48,040,916	14,517,364
Other Outgo	67,279	1,175,704	(1,108,425)
<b>Total Expenses</b>	<b>422,972,773</b>	<b>378,036,004</b>	<b>44,936,769</b>
<b>Change in net position</b>	<b>(17,067,601)</b>	<b>24,684,590</b>	<b>(41,752,191)</b>
<b>Net Position - Beginning, as Restated</b>	<b>11,305,782</b>	<b>202,490,983</b>	<b>(191,185,201)</b>
<b>Net Position - Ending</b>	<b>\$ (5,761,819)</b>	<b>\$ 227,175,573</b>	<b>\$ (232,937,392)</b>

\* Restatement to Beginning Net Position relates to both the 2015 year and the 2014 year

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2015**

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**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.

	<b>Net Cost of Services</b>	
	<b>2015</b>	<b>2014</b>
Instruction	\$ 151,754,907	\$ 105,203,714
Instruction-related services	42,957,198	29,847,625
Pupil services	29,034,777	25,248,488
General administration	20,375,368	19,468,011
Plant services	36,528,924	33,192,565
Ancillary and community services	2,796,758	2,683,718
Debt service	62,558,280	48,040,916
Transfers to other agencies	64,284	1,175,366
<b>Total Expenses</b>	<b>\$ 346,070,496</b>	<b>\$ 264,860,403</b>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2015**

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**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 \$225,918,790, which is less than last year's ending fund balance of \$239,510,148. The District's General Fund had \$1,703,184 less in operating revenues than expenditures for the year ended June 30, 2015. The District's Building Fund had \$112,586,933 less in operating revenues than expenditures for the year ended June 30, 2015. The District's Bond Interest and Redemption Fund had \$4,721,656 more in operating revenues than expenditures for the year ended June 30, 2015.

**CURRENT YEAR BUDGET 2014-15**

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.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

By the end of 2014 -15 the District had invested \$1,262,372,106 in capital assets, net of accumulated depreciation. By June 30, 2015, the District had invested \$1.6 billion in a broad range of capital assets including land, school buildings, athletic facilities, computer and audio-visual equipment as well as support facilities as reflected in the following table. Additional information about the capital assets of the District can also be found in footnote 4. Total depreciation expense for the year was \$25.5 million while additions to net capital assets amounted to approximately \$135.0 million.

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

	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 52,371,291	\$ 52,371,291	\$ -
Construction in progress	426,112,348	295,931,086	130,181,262
Land improvements	67,007,168	66,916,215	90,953
Buildings & improvements	1,001,413,797	983,289,439	18,124,358
Furniture & equipment	31,730,332	20,555,496	11,174,836
Accumulated depreciation	(316,262,830)	(291,690,923)	(24,571,907)
<b>Total Capital Assets</b>	<b>\$ 1,262,372,106</b>	<b>\$ 1,127,372,604</b>	<b>\$ 134,999,502</b>



**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2015**

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**CAPITAL ASSET AND DEBT ADMINISTRATION (continued)**

**Long-Term Debt**

At year-end, the District had \$1,413,586,083 in long-term debt, an increase of 28% from last year – as shown in the table below. The cause of the increase in long term liabilities is largely due to the implementation of GASB 68 in fiscal year 2014-15. GASB 68 requires the establishment of a net pension liability to account for the District's obligation related to employee pensions. (More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.)

	<b>Governmental Activities</b>		
	<b>2015</b>	<b>2014</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$ 1,148,552,756	\$ 1,023,309,741	\$ 125,243,015
Total certificates of participation	6,835,000	7,390,000	(555,000)
Claims liability	500,000	500,000	-
Compensated absences	3,440,304	4,084,905	(644,601)
Net OPEB obligation	106,486,901	101,911,283	4,575,618
Net pension liability	183,005,643	-	183,005,643
Less: current portion of long-term debt	(35,234,521)	(34,136,563)	(1,097,958)
<b>Total Long-term Liabilities</b>	<b>\$ 1,413,586,083</b>	<b>\$ 1,103,059,366</b>	<b>\$ 310,526,717</b>

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, 2015**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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

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.

The State's economy is expected to grow at a modest rate of about 2%-3% annually over the next two years with little chance of recession, according to the UCLA Anderson Economic Forecast for September 2015. The ability of the State to fund the LCFF and other programs is largely dependent on the strength of the State's economy and remains uncertain.

GASB 68, *Accounting and Financial Reporting for Pensions*, is effective in the 2014-15 fiscal year. The new standard requires the reporting of annual pension cost using an actuarially determined method and a net pension liability is expected to result. The District participates in state employee pension 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, 2015. The amount of the liability is material to the financial position of the District. To address the underfunding issues, the pension plans intend to raise employer rates in future years, and the increased costs could be significant.

Enrollment can fluctuate due to factors such as population growth, charter school transfers, 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 2015-16 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, Sheri Gamba.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2015

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 249,908,229
Investments	2,751,894
Accounts receivable	19,256,702
Inventory	820,206
Capital assets, not depreciated	478,483,639
Capital assets, net of accumulated depreciation	783,888,467
<b>Total Assets</b>	<b>1,535,109,137</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	16,537,679
Deferred amount on refunding	2,258,535
<b>Total Deferred Outflows of Resources</b>	<b>18,796,214</b>
<b>LIABILITIES</b>	
Accrued liabilities	60,735,249
Unearned revenue	542,267
Long-term liabilities, current portion	35,234,521
Long-term liabilities, non-current portion	1,413,586,083
<b>Total Liabilities</b>	<b>1,510,098,120</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	49,569,050
<b>Total Deferred Inflows of Resources</b>	<b>49,569,050</b>
<b>NET POSITION</b>	
Net investment in capital assets	291,440,810
Restricted:	
Capital projects	733,881
Debt service	57,803,899
Educational programs	20,224,280
All others	2,534,733
Unrestricted	(378,499,422)
<b>Total Net Position</b>	<b>\$ (5,761,819)</b>

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, 2015**

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
<b>GOVERNMENTAL ACTIVITIES</b>					
Instruction	\$ 189,484,804	\$ 42,286	\$ 36,957,029	\$ 730,582	\$ (151,754,907)
Instruction-related services					
Instructional supervision and administration	25,820,985	790	8,718,834	-	(17,101,361)
Instructional library, media, and technology	4,781,574	1,275	223,690	-	(4,556,609)
School site administration	21,312,974	11	13,735	-	(21,299,228)
Pupil services					
Home-to-school transportation	9,129,315	-	-	-	(9,129,315)
Food services	16,515,341	748,796	13,367,911	-	(2,398,634)
All other pupil services	25,521,049	1,292	8,012,929	-	(17,506,828)
General administration					
Centralized data processing	5,341,704	27	3,087	-	(5,338,590)
All other general administration	17,074,052	42,617	1,994,657	-	(15,036,778)
Plant services	38,639,451	11,341	2,099,186	-	(36,528,924)
Ancillary services	6,412,887	547	3,923,088	-	(2,489,252)
Community services	313,078	48	5,524	-	(307,506)
Interest on long-term debt	62,558,280	-	-	-	(62,558,280)
Other Outgo	67,279	26	2,969	-	(64,284)
<b>Total Governmental Activities</b>	<b>\$ 422,972,773</b>	<b>\$ 849,056</b>	<b>\$ 75,322,639</b>	<b>\$ 730,582</b>	<b>(346,070,496)</b>
General revenues					
Taxes and subventions					
Property taxes, levied for general purposes 73,867,826					
Property taxes, levied for debt service 71,083,889					
Property taxes, levied for other specific purposes 16,543,867					
Federal and state aid not restricted for specific purposes 155,828,269					
Interest and investment earnings 637,050					
Miscellaneous 11,041,994					
<b>Subtotal, General Revenue 329,002,895</b>					
<b>CHANGE IN NET POSITION (17,067,601)</b>					
<b>Net Position - Beginning, as Restated 11,305,782</b>					
<b>Net Position - Ending \$ (5,761,819)</b>					

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
JUNE 30, 2015**

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 50,734,440	\$ 109,343,588	\$ 73,780,320	\$ 11,753,694	\$ 245,612,042
Investments	9,026	1,514,692	-	1,228,176	2,751,894
Accounts receivable	14,905,814	27,735	19,451	4,302,717	19,255,717
Due from other funds	800,000	-	-	-	800,000
Stores inventory	258,417	-	-	561,789	820,206
<b>Total Assets</b>	<b>\$ 66,707,697</b>	<b>\$ 110,886,015</b>	<b>\$ 73,799,771</b>	<b>\$ 17,846,376</b>	<b>\$ 269,239,859</b>
<b>LIABILITIES</b>					
Accrued liabilities	\$ 12,120,094	\$ 29,015,130	\$ -	\$ 843,578	\$ 41,978,802
Due to other funds	-	-	-	800,000	800,000
Unearned revenue	542,267	-	-	-	542,267
<b>Total Liabilities</b>	<b>12,662,361</b>	<b>29,015,130</b>	<b>-</b>	<b>1,643,578</b>	<b>43,321,069</b>
<b>FUND BALANCES</b>					
Nonspendable	328,417	-	-	561,789	890,206
Restricted	20,082,305	81,870,885	73,799,771	4,454,046	180,207,007
Committed	9,544,378	-	-	3,390,991	12,935,369
Assigned	2,201,526	-	-	7,795,972	9,997,498
Unassigned	21,888,710	-	-	-	21,888,710
<b>Total Fund Balances</b>	<b>54,045,336</b>	<b>81,870,885</b>	<b>73,799,771</b>	<b>16,202,798</b>	<b>225,918,790</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 66,707,697</b>	<b>\$ 110,886,015</b>	<b>\$ 73,799,771</b>	<b>\$ 17,846,376</b>	<b>\$ 269,239,859</b>

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, 2015**

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**Total Fund Balance - Governmental Funds** \$ 225,918,790

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	\$ 1,578,634,936	
Accumulated depreciation	(316,262,830)	1,262,372,106

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:

2,258,535

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:

(17,039,329)

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	\$ 1,148,552,756	
Total certificates of participation	6,835,000	
Compensated absences	3,440,304	
Net OPEB obligation	106,486,901	
Net pension liability	183,005,643	(1,448,320,604)

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	\$ 16,537,679	
Deferred inflows of resources related to pensions	(49,569,050)	(33,031,371)

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:

2,080,054

**Total Net Position - Governmental Activities** \$ (5,761,819)

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, 2015**

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 216,726,163	\$ -	\$ -	\$ -	\$ 216,726,163
Federal sources	22,889,079	-	3,661,536	15,280,673	41,831,288
Other state sources	42,600,329	-	757,633	4,216,117	47,574,079
Other local sources	22,863,091	422,019	70,483,654	4,701,423	98,470,187
<b>Total Revenues</b>	<b>305,078,662</b>	<b>422,019</b>	<b>74,902,823</b>	<b>24,198,213</b>	<b>404,601,717</b>
<b>EXPENDITURES</b>					
Current					
Instruction	169,401,375	-	-	4,039,096	173,440,471
Instruction-related services					
Instructional supervision and administration	22,934,926	-	-	629,545	23,564,471
Instructional library, media, and technology	4,402,040	-	-	-	4,402,040
School site administration	18,356,435	-	-	1,168,108	19,524,543
Pupil services					
Home-to-school transportation	8,366,503	-	-	-	8,366,503
Food services	3	-	-	15,486,970	15,486,973
All other pupil services	23,260,902	-	-	83,784	23,344,686
General administration					
Centralized data processing	5,177,177	-	-	-	5,177,177
All other general administration	15,129,173	-	-	956,117	16,085,290
Plant services					
Facilities acquisition and maintenance	1,202,138	113,008,952	-	47,794,845	162,005,935
Ancillary services	5,881,427	-	-	-	5,881,427
Community services	290,901	-	-	-	290,901
Transfers to other agencies	67,279	-	-	-	67,279
Debt service					
Principal	555,000	-	29,639,542	-	30,194,542
Interest and other	360,624	-	40,541,625	-	40,902,249
<b>Total Expenditures</b>	<b>306,781,846</b>	<b>113,008,952</b>	<b>70,181,167</b>	<b>71,937,526</b>	<b>561,909,491</b>
<b>Excess (Deficiency) of Revenues</b>					
<b>Over Expenditures</b>	<b>(1,703,184)</b>	<b>(112,586,933)</b>	<b>4,721,656</b>	<b>(47,739,313)</b>	<b>(157,307,774)</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	-	-	70,469	1,495,396	1,565,865
Other sources	-	135,000,000	8,716,416	-	143,716,416
Transfers out	(1,495,396)	(70,469)	-	-	(1,565,865)
<b>Net Financing Sources (Uses)</b>	<b>(1,495,396)</b>	<b>134,929,531</b>	<b>8,786,885</b>	<b>1,495,396</b>	<b>143,716,416</b>
<b>NET CHANGE IN FUND BALANCE</b>					
	(3,198,580)	22,342,598	13,508,541	(46,243,917)	(13,591,358)
<b>Fund Balance - Beginning</b>	<b>57,243,916</b>	<b>59,528,287</b>	<b>60,291,230</b>	<b>62,446,715</b>	<b>239,510,148</b>
<b>Fund Balance - Ending</b>	<b>\$ 54,045,336</b>	<b>\$ 81,870,885</b>	<b>\$ 73,799,771</b>	<b>\$ 16,202,798</b>	<b>\$ 225,918,790</b>

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, 2015**

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**Net Change in Fund Balances - Governmental Funds** \$ (13,591,358)

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:	\$ 160,765,074	
Depreciation expense:	<u>(25,472,847)</u>	135,292,227

**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:

30,194,542

**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:

(143,716,415)

**Deferred amounts on refunding:**

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

(596,469)

**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:

(292,725)

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 BALANCE TO THE STATEMENT OF  
ACTIVITIES, continued  
FOR THE YEAR ENDED JUNE 30, 2015**

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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: (9,893,422)

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. (13,428,658)

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: 644,601

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: (4,575,618)

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: (167,223)

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: 2,262,516

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: 800,401

**Change in Net Position of Governmental Activities**

**\$ (17,067,601)**

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
 PROPRIETARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2015

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>ASSETS</b>	
Current assets	
Cash and cash equivalents	\$ 4,296,187
Accounts receivable	985
<b>Total Assets</b>	<b>4,297,172</b>
<b>LIABILITIES</b>	
Current liabilities	
Accrued liabilities	1,717,118
<b>Total current liabilities</b>	<b>1,717,118</b>
Non-current liabilities	500,000
<b>Total Liabilities</b>	<b>2,217,118</b>
<b>NET POSITION</b>	
Unrestricted	2,080,054
<b>Total Net Position</b>	<b>\$ 2,080,054</b>

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, 2015

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	<b>Governmental Activities</b>
	<b>Internal Service Fund</b>
<b>OPERATING REVENUE</b>	
Charges for services	\$ 1,839,452
Other local revenues	1,320,099
<b>Total operating revenues</b>	<u>3,159,551</u>
<b>OPERATING EXPENSE</b>	
Salaries and benefits	142,587
Supplies and materials	4,940
Professional services	2,221,077
<b>Total operating expenses</b>	<u>2,368,604</u>
<b>Operating income/(loss)</b>	<u>790,947</u>
<b>NON-OPERATING REVENUES/(EXPENSES)</b>	
Interest income	9,454
<b>Total non-operating revenues/(expenses)</b>	<u>9,454</u>
<b>CHANGE IN NET POSITION</b>	800,401
<b>Net Position - Beginning, as Restated</b>	<u>1,279,653</u>
<b>Net Position - Ending</b>	<u>\$ 2,080,054</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, 2015

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	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
<b>Cash flows from operating activities</b>	
Cash received from user charges	\$ 3,158,690
Cash payments for payroll, insurance, and operating costs	(2,479,005)
Net cash provided by (used for) operating activities	<u>679,685</u>
<b>Cash flows from investing activities</b>	
Interest received	9,454
Net cash provided by (used for) investing activities	<u>9,454</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>689,139</u>
 <b>CASH AND CASH EQUIVALENTS</b>	
Beginning of year	3,607,048
End of year	<u>\$ 4,296,187</u>
 <b>Reconciliation of operating income (loss) to cash provided by (used for) operating activities</b>	
Operating income (loss)	\$ 790,947
Changes in assets and liabilities:	
(Increase) decrease in inventory	(861)
Increase (decrease) in accounts payable	(110,401)
Net cash provided by (used for) operating activities	<u>\$ 679,685</u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
 FIDUCIARY FUNDS  
 STATEMENT OF NET POSITION  
 JUNE 30, 2015

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	Trust Funds	Agency Funds	
	Retiree Benefit Fund	Warrant/Pass-through Fund	Student Body Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 19,540,884	\$ 2,024,173	\$ 132,917
Accounts receivable	8,911	-	-
Due from other funds	-	-	-
<b>Total Assets</b>	<b>19,549,795</b>	<b>\$ 2,024,173</b>	<b>\$ 132,917</b>
<b>LIABILITIES</b>			
Due to student groups	-	\$ 2,024,173	\$ 132,917
<b>Total Liabilities</b>	<b>-</b>	<b>\$ 2,024,173</b>	<b>\$ 132,917</b>
<b>NET POSITION</b>			
Held in trust for retiree benefits	19,549,795		
<b>Total Net Position</b>	<b>\$ 19,549,795</b>		

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, 2015

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	<u>Trust Funds</u>
	<u>Retiree Benefit</u>
	<u>Fund</u>
<b>ADDITIONS</b>	
Contributions	\$ 18,750,844
Investment earnings	56,807
Other	971,758
<b>Total Additions</b>	<u>19,779,409</u>
<b>DEDUCTIONS</b>	
Other trust activities	17,151,693
<b>Total Deductions</b>	<u>17,151,693</u>
<b>CHANGE IN NET POSITION</b>	2,627,716
<b>Net Position - Beginning</b>	16,922,079
<b>Net Position - Ending</b>	<u>\$ 19,549,795</u>

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Reporting Entity

The West Contra Costa Unified School District 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 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, 2015, 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, 2015

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (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*).

**Deferred Maintenance Fund:** This fund is used to account separately for state apportionments and the District's contributions for deferred maintenance purposes (*Education Code Sections 17582–17587*). In addition, whenever the state funds provided pursuant to *Education Code Sections 17584 and 17585* (apportionments from the State Allocation Board) are insufficient to fully match the local funds deposited in this fund, the governing board of a school district may transfer the excess local funds deposited in this fund to any other expenditure classifications in other funds of the District (*Education Code Sections 17582 and 17583*).

**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*).

**Capital Projects Fund for Blended Component Units:** This fund is used to account for capital projects financed 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*)

**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).

**Debt Service Fund:** This fund is used for the accumulation of resources for and the retirement of principal and interest on general long-term debt.

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*)

C. 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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Basis of Accounting – Measurement Focus (continued)

**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.

**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.

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

D. Basis of Accounting – Measurement Focus (*continued*)

**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. Cash held in the county treasury is recorded at cost, which approximates fair value.

**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, 2015

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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 fair market values 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.

**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.



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

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

**Fund Balance** (*continued*)

*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, 2015

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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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. New Accounting Pronouncements

**GASB Statement No. 68** – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. The Statement is effective for periods beginning after June 15, 2014. The District has implemented GASB Statement No. 68 for the year ended June 30, 2015.

**GASB Statement No. 71** – In November 2013, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. This standard seeks to clarify certain implementation issues related to amounts that are deferred and amortized at the time GASB 68 is first adopted. It applies to situations in which the measurement date of an actuarial valuation differs from the government's fiscal year. The Statement is effective for periods beginning after June 15, 2014. The District has implemented GASB Statement No. 71 for the year ended June 30, 2015.

**GASB Statement No. 72** – In February 2015, GASB issued Statement No. 72, *Fair Value Measurement and Application*. This standard addresses accounting and financial reporting issues related to fair value measurements. The Statement is effective for periods beginning after June 15, 2015. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 73** – In June 2015, GASB issued Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This standard establishes requirements for defined benefit pensions that are not within the scope of GASB Statement 68 and amends certain provisions of GASB Statements 67 and 68. The Statement is effective for periods beginning after June 15, 2016. The District has not yet determined the impact on the financial statements.

**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.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2015

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NOTE 2 – CASH AND INVESTMENTS

A. Summary of Cash and Investments

	Governmental	Internal Service	Total	Fiduciary
	Funds	Funds	Governmental Activities	Funds
Cash in county	\$ 231,772,158	\$ 4,294,229	\$ 236,066,387	\$ 14,332,667
Cash on hand and in banks	85,708	-	85,708	132,917
Cash with fiscal agent	13,684,176	1,958	13,686,134	-
Cash in revolving fund	70,000	-	70,000	-
<b>Total cash and cash equivalents</b>	<b>\$ 245,612,042</b>	<b>\$ 4,296,187</b>	<b>\$ 249,908,229</b>	<b>\$ 14,465,584</b>
Investments	\$ 2,751,894	\$ -	\$ 2,751,894	\$ 7,232,390

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.

**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.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2015

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NOTE 2 – CASH AND INVESTMENTS (*continued*)

B. Policies and Practices (*continued*)

**Investments** - West Contra Costa Unified School District 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, 2015**

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**NOTE 2 – CASH AND INVESTMENTS (continued)**

**C. General Authorizations**

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

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2015

NOTE 2 – CASH AND INVESTMENTS (continued)

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 \$250,488,080 and an amortized book value of \$250,399,054. The average weighted maturity for this pool is 215 days.

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, 2015, the pooled investments in the County Treasury were rated AAAs/S1+ not rated.

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, 2015, the District's bank balance was not exposed to custodial credit risk.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2015 consisted of the following:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Internal Service Funds	Total Governmental Activities	Total Fiduciary
Federal Government							
Categorical aid	\$ 8,527,992	\$ -	\$ -	\$ 3,554,202	\$ -	\$ 12,082,194	\$ -
State Government							
Apportionment	1,993,622	-	-	-	-	1,993,622	-
Categorical aid	897,741	-	-	145,864	-	1,043,605	-
Lottery	2,637,397	-	-	345,503	-	2,982,900	-
Local Government							
Other local sources	849,062	27,735	19,451	257,148	985	1,154,381	8,911
<b>Total</b>	<b>\$ 14,905,814</b>	<b>\$ 27,735</b>	<b>\$ 19,451</b>	<b>\$ 4,302,717</b>	<b>\$ 985</b>	<b>\$ 19,256,702</b>	<b>\$ 8,911</b>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2015 was as follows:

	<b>Balance</b>			<b>Balance</b>
	<b>July 01, 2014</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2015</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 52,371,291	\$ -	\$ -	\$ 52,371,291
Construction in progress	295,931,086	153,543,719	23,362,457	426,112,348
Total Capital Assets not Being Depreciated	348,302,377	153,543,719	23,362,457	478,483,639
Capital assets being depreciated				
Land improvements	66,916,215	90,953	-	67,007,168
Buildings & improvements	983,289,439	18,124,358	-	1,001,413,797
Furniture & equipment	20,555,496	12,368,501	1,193,665	31,730,332
Total Capital Assets Being Depreciated	1,070,761,150	30,583,812	1,193,665	1,100,151,297
Less Accumulated Depreciation				
Land improvements	43,563,930	1,724,301	-	45,288,231
Buildings & improvements	238,713,559	21,076,947	-	259,790,506
Furniture & equipment	9,413,434	2,671,599	900,940	11,184,093
Total Accumulated Depreciation	291,690,923	25,472,847	900,940	316,262,830
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 1,127,372,604</b>	<b>\$ 158,654,684</b>	<b>\$ 23,655,182</b>	<b>\$ 1,262,372,106</b>

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

<b>Governmental Activities</b>	
Instruction-related services	\$ 13,380,545
Instructional supervision and administration	1,823,206
Instructional library, media, and technology	345,797
School site administration	1,515,728
Home-to-school transportation	662,396
Food services	1,134,043
All other pupil services	1,820,890
Centralized data processing	409,258
All other general administration	1,269,325
Plant services	2,625,357
Ancillary services	463,271
Community services	23,031
<b>Total</b>	<b>\$ 25,472,847</b>



WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2015

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NOTE 5 – INTERFUND TRANSACTIONS

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

Individual interfund receivable and payable balances at June 30, 2015 were as follows:

	<u>Due From Other Funds</u>	
	<u>General Fund</u>	<u>Total</u>
<u>Due To Other Funds</u>		
Non-Major Governmental Funds	\$ 800,000	\$ 800,000
<b>Total Due From Other Funds</b>	<b>\$ 800,000</b>	<b>\$ 800,000</b>

The Non-Major Child Development Fund due to the General Fund for expenses	\$ 320,000
The Non-Major Cafeteria Fund due to the General Fund for expenses	480,000
<b>Total</b>	<b>\$ 800,000</b>

B. Operating Transfers

Interfund transfers for the year ended June 30, 2015 consisted of the following:

	<u>Interfund Transfers In</u>		
	<u>Bond Interest &amp; Redemption Fund</u>	<u>Non-Major Governmental Funds</u>	<u>Total</u>
<u>Interfund Transfers Out</u>			
General Fund	\$ -	\$ 1,495,396	\$ 1,495,396
Building Fund	70,469	-	70,469
<b>Total Interfund Transfers</b>	<b>\$ 70,469</b>	<b>\$ 1,495,396</b>	<b>\$ 1,565,865</b>

Transfer from the General Fund to the Non-Major Adult Education Fund for expenses	\$ 1,495,396
Transfer from the Building Fund to the Bond Interest and Redemption Fund for expenses	70,469
<b>Total</b>	<b>\$ 1,565,865</b>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 6 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2015 consisted of the following:

	<b>General Fund</b>	<b>Building Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Internal Service Funds</b>	<b>District-Wide</b>	<b>Total Governmental Activities</b>
Payroll	\$ 1,614,074	\$ 7,253	\$ 177,680	\$ -	\$ -	\$ 1,799,007
Construction	-	29,007,877	317,425	-	-	29,325,302
Vendors payable	6,867,624	-	348,473	1,161	-	7,217,258
Unmatured interest	-	-	-	-	17,039,329	17,039,329
Other liabilities	3,638,396	-	-	1,715,957	-	5,354,353
<b>Total</b>	<b>\$ 12,120,094</b>	<b>\$ 29,015,130</b>	<b>\$ 843,578</b>	<b>\$ 1,717,118</b>	<b>\$ 17,039,329</b>	<b>\$ 60,735,249</b>

**NOTE 7 – UNEARNED REVENUE**

Unearned revenue at June 30, 2015, consisted of the following:

	<b>General Fund</b>
Federal sources	\$ 180,671
State categorical sources	361,596
<b>Total</b>	<b>\$ 542,267</b>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

**NOTE 8 – LONG-TERM DEBT**

A schedule of changes in long-term debt for the year ended June 30, 2015 consisted of the following:

	Restated Balance				Balance	Balance Due
	July 01, 2014	Additions	Deductions		June 30, 2015	In One Year
<b>Governmental Activities</b>						
General obligation bonds	\$ 900,147,930	\$ 135,000,000	\$ 29,639,542	\$	1,005,508,388	\$ 32,087,139
Unamortized premium	34,004,894	8,716,415	2,262,516		40,458,793	2,562,382
Accreted interest	89,156,917	13,428,658	-		102,585,575	-
Total general obligation bonds	1,023,309,741	157,145,073	31,902,058		1,148,552,756	34,649,521
Certificates of participation	7,390,000	-	555,000		6,835,000	585,000
Claims liability	500,000	-	-		500,000	-
Compensated absences	4,084,905	-	644,601		3,440,304	-
Net OPEB obligation	101,911,283	4,575,618	-		106,486,901	-
Net pension liability	230,115,283	-	47,109,640		183,005,643	-
<b>Total</b>	<b>\$ 1,367,311,212</b>	<b>\$ 161,720,691</b>	<b>\$ 80,211,299</b>	<b>\$</b>	<b>1,448,820,604</b>	<b>\$ 35,234,521</b>

Payments for bonds associated with 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, 2015 amounted to \$3,440,304. 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 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
2016	\$ 585,000	\$ 348,157	\$ 933,157
2017	605,000	318,731	923,731
2018	635,000	288,300	923,300
2019	670,000	256,359	926,359
2020	710,000	222,658	932,658
2021 - 2024	3,630,000	511,395	4,141,395
Total	\$ 6,835,000	\$ 1,945,600	\$ 8,780,600

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

**NOTE 9 – 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, 2015, 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	Bonds			Bonds
					Outstanding July 01, 2014	Additions	Deductions	Outstanding June 30, 2015
Measure E - Refunding Series A	2001	8/1/2025	4.15 - 5.7%	28,610,000	\$ 16,110,000	\$ -	\$ 1,295,000	\$ 14,815,000
Measure E - Refunding Series B	2001	8/1/2024	4.3 - 6.0%	10,255,000	5,990,000	-	445,000	5,545,000
Msr D - Series C1	2004	8/1/2034	4.0 - 5.0%	40,000,000	24,640,000	-	-	24,640,000
Msr D - Series C2	2004	8/1/2034	2.4 - 5.8%	29,999,377	46,302,366	1,960,812	814,827	47,448,351
Msr D - Series D	2006	8/1/2034	3.15 - 5.05%	99,998,106	134,138,829	5,240,384	2,719,715	136,659,498
Msr J - Series A	2006	8/1/2035	4.0 - 5.0%	70,000,000	60,735,000	-	1,710,000	59,025,000
Msr J - Series B	2009	8/1/2035	5.0 - 6.0%	120,000,000	115,025,000	-	-	115,025,000
Msr J - Series C1	2010	8/1/2033	6.24 - 12.0%	52,084,759	74,632,219	5,832,862	-	80,465,081
Msr 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	31,135,000	-	5,120,000	26,015,000
Measure J - Refunding 2009	2010	8/1/2031	3.0 - 5.38%	10,645,000	10,645,000	-	-	10,645,000
Msr J - Series D1 - QSCB	2010	8/1/2024	6.56%	25,000,000	25,000,000	-	-	25,000,000
Msr J - Series D2	2010	8/1/2036	6.80 - 6.81%	2,499,949	3,741,433	394,600	-	4,136,033
Measure D - Refunding 2011	2011	8/1/2024	3.0 - 5.25%	51,605,000	48,705,000	-	3,605,000	45,100,000
Measure M - Refunding 2011	2011	8/1/2024	3.0 - 5.25%	33,960,000	28,635,000	-	2,680,000	25,955,000
Msr 2010D - Series A1	2011	8/1/2041	3.0 - 5.25%	79,000,000	66,845,000	-	-	66,845,000
Msr 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
Msr 2010D - Series B	2014	8/1/2045	4.0 - 5.50%	40,000,000	40,000,000	-	3,500,000	36,500,000
Msr 2012E - Series A	2014	8/1/2045	2.0 - 5.50%	85,000,000	85,000,000	-	7,750,000	77,250,000
Msr 2010D - Series C	2015	8/1/2055		50,000,000	-	50,000,000	-	50,000,000
Msr 2012E - Series B	2015	8/1/2055		85,000,000	-	85,000,000	-	85,000,000
					<b>\$ 989,304,847</b>	<b>\$ 148,428,658</b>	<b>\$ 29,639,542</b>	<b>\$ 1,108,093,963</b>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 9 – 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, 2015, are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 1,355,000	\$ 823,560	\$ 2,178,560
2017	1,435,000	751,653	2,186,653
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 - 2025	7,110,000	1,041,276	8,151,276
2026	100,000	2,875	102,875
<b>Total</b>	<b>\$ 14,815,000</b>	<b>\$ 4,390,632</b>	<b>\$ 19,205,632</b>

The annual requirements to amortize the 2001 Refunding Measure E, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 475,000	\$ 331,400	\$ 806,400
2017	500,000	303,000	803,000
2018	535,000	272,850	807,850
2019	570,000	240,750	810,750
2020	605,000	206,550	811,550
2021 - 2025	2,860,000	442,050	3,302,050
<b>Total</b>	<b>\$ 5,545,000</b>	<b>\$ 1,796,600</b>	<b>\$ 7,341,600</b>

The annual requirements to amortize the 2005 Measure D, Series C, Current Interest General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ -	\$ 1,193,835	\$ 1,193,835
2017	1,035,000	1,172,618	2,207,618
2018	1,085,000	1,128,344	2,213,344
2019	1,135,000	1,081,169	2,216,169
2020	1,190,000	1,030,275	2,220,275
2021 - 2025	1,250,000	4,764,375	6,014,375
2026 - 2030	7,340,000	4,026,000	11,366,000
2031 - 2035	11,605,000	1,511,375	13,116,375
<b>Total</b>	<b>\$ 24,640,000</b>	<b>\$ 15,907,991</b>	<b>\$ 40,547,991</b>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 9 – 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, 2015, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 882,657	\$ 737,343	\$ 1,620,000
2017	948,557	891,443	1,840,000
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 - 2025	6,073,925	10,466,075	16,540,000
2026 - 2030	7,070,704	18,269,296	25,340,000
2031 - 2035	8,529,754	32,075,246	40,605,000
Accretion	21,479,637	(21,479,637)	-
Total	<u>\$ 47,448,351</u>	<u>\$ 43,876,649</u>	<u>\$ 91,325,000</u>

The annual requirements to amortize the 2006 Measure D, Series D, Capital Appreciation General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,904,482	\$ 1,520,518	\$ 4,425,000
2017	3,054,074	1,880,926	4,935,000
2018	3,818,039	2,706,961	6,525,000
2019	4,186,747	3,348,253	7,535,000
2020	3,681,933	3,303,067	6,985,000
2021 - 2025	19,796,145	24,758,855	44,555,000
2026 - 2030	22,018,523	42,601,477	64,620,000
2031 - 2035	26,110,023	73,614,977	99,725,000
Accretion	51,089,532	(51,089,532)	-
Total	<u>\$ 136,659,498</u>	<u>\$ 102,645,502</u>	<u>\$ 239,305,000</u>

The annual requirements to amortize the 2006 Measure J, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,775,000	\$ 2,832,415	\$ 4,607,415
2017	1,850,000	2,757,871	4,607,871
2018	1,920,000	2,678,915	4,598,915
2019	2,000,000	2,594,365	4,594,365
2020	2,085,000	2,504,745	4,589,745
2021 - 2025	11,875,000	10,910,188	22,785,188
2026 - 2030	14,780,000	7,598,250	22,378,250
2031 - 2035	18,510,000	3,455,000	21,965,000
2036	4,230,000	105,750	4,335,750
Total	<u>\$ 59,025,000</u>	<u>\$ 35,437,499</u>	<u>\$ 94,462,499</u>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 9 – 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, 2015, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 1,225,000	\$ 6,625,750	\$ 7,850,750
2017	1,900,000	6,538,125	8,438,125
2018	1,600,000	6,433,125	8,033,125
2019	1,700,000	6,334,125	8,034,125
2020	2,400,000	6,211,125	8,611,125
2021 - 2025	16,900,000	28,442,625	45,342,625
2026 - 2030	34,700,000	20,650,688	55,350,688
2031 - 2035	35,500,000	10,504,687	46,004,687
2036	19,100,000	537,188	19,637,188
<b>Total</b>	<b>\$ 115,025,000</b>	<b>\$ 92,277,438</b>	<b>\$ 207,302,438</b>

The annual requirements to amortize the 2010 Measure J, Series C1, General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ -	\$ -
2017	324,003	400,998	725,001
2018	821,333	1,243,667	2,065,000
2019	1,279,674	2,335,326	3,615,000
2020	1,477,585	3,212,416	4,690,001
2021 - 2025	8,488,142	13,646,857	22,134,999
2026 - 2030	22,694,782	53,955,217	76,649,999
2031 - 2034	16,999,240	63,950,760	80,950,000
Accretion	28,380,322	(28,380,322)	-
<b>Total</b>	<b>\$ 80,465,081</b>	<b>\$ 110,364,919</b>	<b>\$ 190,830,000</b>

The annual requirements to amortize the 2010 Measure J, Series C2, General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 4,468,995	\$ 4,468,995
2017	-	4,468,995	4,468,995
2018	-	4,468,995	4,468,995
2019	-	4,468,995	4,468,995
2020	-	4,468,995	4,468,995
2021 - 2025	-	22,344,975	22,344,975
2026 - 2030	-	22,344,975	22,344,975
2031 - 2035	52,825,000	18,342,338	71,167,338
<b>Total</b>	<b>\$ 52,825,000</b>	<b>\$ 85,377,263</b>	<b>\$ 138,202,263</b>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 9 – LONG-TERM DEBT (continued)**

**C. General Obligation Bonds (continued)**

The annual requirements to amortize the 2009 General Obligation Refunding Bonds outstanding as of June 30, 2015, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 7,070,000	\$ 1,457,256	\$ 8,527,256
2017	8,505,000	1,154,163	9,659,163
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 - 2025	3,145,000	1,934,784	5,079,784
2026 - 2030	4,920,000	1,109,594	6,029,594
2031	980,000	52,675	1,032,675
<b>Total</b>	<b>\$ 36,660,000</b>	<b>\$ 7,399,629</b>	<b>\$ 44,059,629</b>

The annual requirements to amortize the 2010 Measure J, Series D1, General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 286,250	\$ 286,250
2017	-	286,250	286,250
2018	-	286,250	286,250
2019	-	286,250	286,250
2020	-	286,250	286,250
2021 - 2025	25,000,000	1,090,613	26,090,613
<b>Total</b>	<b>\$ 25,000,000</b>	<b>\$ 2,521,863</b>	<b>\$ 27,521,863</b>

The annual requirements to amortize the 2010 Measure J, Series D2, General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ -	\$ -
2017	-	-	-
2018	-	-	-
2019	-	-	-
2020	-	-	-
2021 - 2025	-	-	-
2026 - 2030	-	-	-
2031 - 2035	-	-	-
2036 - 2037	2,499,949	31,320,051	33,820,000
Accretion	1,636,084	(1,636,084)	-
<b>Total</b>	<b>\$ 4,136,033</b>	<b>\$ 29,683,967</b>	<b>\$ 33,820,000</b>



**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 9 – LONG-TERM DEBT (continued)**

**C. General Obligation Bonds (continued)**

The annual requirements to amortize the 2011 Refunding General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ 6,150,000	\$ 3,320,913	\$ 9,470,913
2017	5,900,000	3,060,263	8,960,263
2018	5,110,000	2,814,913	7,924,913
2019	7,295,000	2,518,988	9,813,988
2020	7,585,000	2,157,863	9,742,863
2021 - 2025	39,015,000	4,823,506	43,838,506
<b>Total</b>	<b>\$ 71,055,000</b>	<b>\$ 18,696,446</b>	<b>\$ 89,751,446</b>

The annual requirements to amortize the 2010 Measure D, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ -	\$ 3,460,900	\$ 3,460,900
2017	-	3,460,900	3,460,900
2018	-	3,460,900	3,460,900
2019	-	3,460,900	3,460,900
2020	-	3,460,900	3,460,900
2021 - 2025	1,605,000	17,124,125	18,729,125
2026 - 2030	3,160,000	16,581,038	19,741,038
2031 - 2035	17,370,000	14,307,088	31,677,088
2036 - 2040	29,510,000	7,992,275	37,502,275
2041 - 2042	15,200,000	801,488	16,001,488
<b>Total</b>	<b>\$ 66,845,000</b>	<b>\$ 74,110,514</b>	<b>\$ 140,955,514</b>

The annual requirements to amortize the 2010, Measure D, Series A-1, General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ -	\$ 281,400	\$ 281,400
2017	-	281,400	281,400
2018	-	281,400	281,400
2019	-	281,400	281,400
2020	-	281,400	281,400
2021 - 2025	-	1,407,000	1,407,000
2026 - 2030	-	1,407,000	1,407,000
2031	21,000,000	140,700	21,140,700
<b>Total</b>	<b>\$ 21,000,000</b>	<b>\$ 4,361,700</b>	<b>\$ 25,361,700</b>

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 9 – LONG-TERM DEBT (continued)**

**C. General Obligation Bonds (continued)**

The annual requirements to amortize the 2012 General Obligation Refunding Bonds Payable, outstanding as of June 30, 2015, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ -	\$ 4,882,000	\$ 4,882,000
2017	-	4,882,000	4,882,000
2018	-	4,882,000	4,882,000
2019	-	4,882,000	4,882,000
2020	-	4,882,000	4,882,000
2021 - 2025	9,175,000	23,855,625	33,030,625
2026 - 2030	53,480,000	15,657,000	69,137,000
2031 - 2033	35,545,000	2,625,125	38,170,125
Total	\$ 98,200,000	\$ 66,547,750	\$ 164,747,750

The annual requirements to amortize the 2010, Measure D, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 4,000,000	\$ 1,704,881	\$ 5,704,881
2017	575,000	1,613,381	2,188,381
2018	600,000	1,589,881	2,189,881
2019	-	1,577,881	1,577,881
2020	-	1,577,881	1,577,881
2021 - 2025	-	7,889,406	7,889,406
2026 - 2030	2,080,000	7,737,369	9,817,369
2031 - 2035	3,440,000	7,094,597	10,534,597
2036 - 2040	5,455,000	5,956,988	11,411,988
2041 - 2045	15,175,000	3,737,109	18,912,109
2046	5,175,000	132,609	5,307,609
Total	\$ 36,500,000	\$ 40,611,983	\$ 77,111,983

The annual requirements to amortize the 2012, Measure E, Series A, General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 6,250,000	\$ 3,824,919	\$ 10,074,919
2017	-	3,699,919	3,699,919
2018	-	3,699,919	3,699,919
2019	-	3,699,919	3,699,919
2020	-	3,699,919	3,699,919
2021 - 2025	2,815,000	18,247,719	21,062,719
2026 - 2030	6,595,000	17,047,419	23,642,419
2031 - 2035	11,240,000	14,761,375	26,001,375
2036 - 2040	17,670,000	10,878,331	28,548,331
2041 - 2045	26,210,000	5,182,622	31,392,622
2046	6,470,000	165,794	6,635,794
Total	\$ 77,250,000	\$ 84,907,855	\$ 162,157,855

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 9 – 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, 2015, are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ -	\$ 1,994,237	\$ 1,994,237
2017	485,000	2,245,700	2,730,700
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 - 2025	2,995,000	10,605,575	13,600,575
2026 - 2030	3,815,000	9,771,125	13,586,125
2031 - 2035	4,865,000	8,691,125	13,556,125
2036 - 2040	6,210,000	7,313,000	13,523,000
2041 - 2045	7,925,000	5,554,875	13,479,875
2046 - 2050	9,990,000	3,476,950	13,466,950
2051 - 2055	12,180,000	1,256,000	13,436,000
<b>Total</b>	<b>\$ 50,000,000</b>	<b>\$ 57,552,812</b>	<b>\$ 107,552,812</b>

The annual requirements to amortize the 2012, Measure E, Series B, General Obligation Bonds Payable, outstanding as of June 30, 2015, are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2016	\$ -	\$ 3,360,655	\$ 3,360,655
2017	2,500,000	3,755,100	6,255,100
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 - 2025	1,000,000	16,613,000	17,613,000
2026 - 2030	-	16,588,000	16,588,000
2031 - 2035	5,750,000	16,166,000	21,916,000
2036 - 2040	11,675,000	13,748,375	25,423,375
2041 - 2045	14,895,000	10,442,375	25,337,375
2046 - 2050	18,790,000	6,536,000	25,326,000
2051 - 2055	22,890,000	2,361,000	25,251,000
<b>Total</b>	<b>\$ 85,000,000</b>	<b>\$ 100,223,305</b>	<b>\$ 185,223,305</b>

**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, 2015, was \$22,356,043 with net interest and other adjustments of (\$682,850) for a net annual OPEB cost of \$21,673,193, contributions made by the District during the year were \$17,097,575, which resulted in an increase to net OPEB obligation of \$4,575,618. The ending OPEB obligation balance at June 30, 2015 was \$106,486,901. See Note 11 for additional information regarding the OPEB obligation and the postemployment benefit plan.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS, *continued*  
JUNE 30, 2015

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NOTE 9 – LONG-TERM DEBT (*continued*)

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, 2015, amounted to \$500,000.

F. Net Pension Liability

The District follows GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The District's restated beginning net pension liability was \$230,115,283, and decreased by \$47,109,640 during the year ended June 30, 2015. The ending net pension liability at June 30, 2015 was \$183,005,643. See Note 12 for additional information regarding the net pension liability.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

**NOTE 10 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2015:

	General Fund	Building Fund	Bond Interest & Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>Non-spendable</b>					
Revolving cash	\$ 70,000	\$ -	\$ -	\$ -	\$ 70,000
Stores inventory	258,417	-	-	561,789	820,206
Total non-spendable	328,417	-	-	561,789	890,206
<b>Restricted</b>					
Educational programs	20,082,305	-	-	141,975	20,224,280
Capital projects	-	81,870,885	-	733,881	82,604,766
Debt service	-	-	73,799,771	1,043,457	74,843,228
All others	-	-	-	2,534,733	2,534,733
Total restricted	20,082,305	81,870,885	73,799,771	4,454,046	180,207,007
<b>Committed</b>					
Stabilization	9,544,378	-	-	-	9,544,378
Other commitments	-	-	-	3,390,991	3,390,991
Total committed	9,544,378	-	-	3,390,991	12,935,369
<b>Assigned</b>					
General Fund	2,201,526	-	-	-	2,201,526
Child development	-	-	-	58,729	58,729
Capital projects	-	-	-	7,737,243	7,737,243
Total assigned	2,201,526	-	-	7,795,972	9,997,498
<b>Unassigned</b>					
Reserve for economic uncertainties	9,544,378	-	-	-	9,544,378
Remaining unassigned	12,344,332	-	-	-	12,344,332
Total unassigned	21,888,710	-	-	-	21,888,710
<b>Total</b>	<b>\$ 54,045,336</b>	<b>\$ 81,870,885</b>	<b>\$ 73,799,771</b>	<b>\$ 16,202,798</b>	<b>\$ 225,918,790</b>

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, 2015

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NOTE 11 – 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	2,407
Active plan members	2,410
Total*	<u>4,817</u>
 Number of participating employers	 1

\*As of July 1, 2014 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, 2015, the District has not established a plan or equivalent 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.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2015

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NOTE 11 – 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	\$ 22,356,043
Interest on net OPEB obligation	4,586,008
Adjustment to annual required contribution	<u>(5,268,858)</u>
Annual OPEB cost (expense)	21,673,193
Contributions made	<u>(17,097,575)</u>
Increase (decrease) in net OPEB obligation	4,575,618
Net OPEB obligation, beginning of the year	<u>101,911,283</u>
Net OPEB obligation, end of the year	<u>\$ 106,486,901</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, 2015 and the preceding two years were as follows:

Year Ended June 30,	Annual OPEB Cost	Percentage Contributed	Net OPEB Obligation
2015	\$ 21,673,193	79%	\$ 106,486,901
2014	\$ 23,946,463	74%	\$ 101,911,283
2013	\$ 23,087,931	76%	\$ 95,779,782

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 11 – 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 Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2014	\$ -	\$ 352,822,847	\$ 352,822,847	0%	\$ 98,284,765	359%

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	7/1/2014
Actuarial Cost Method	Entry Age
Amortization Method	Level-percentage of payroll
Remaining Amortization Period	23
Asset Valuation	\$ -
Actuarial Assumptions:	
Discount rate	4.5%
Health care trend rate	4.0% - 6.4%
Inflation rate	3.3%



**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 12 – 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 recognized \$16,074,008 for their proportionate share of pension expense for the year ended June 30, 2015.

**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 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 members are required to contribute 8.15% of their salary for fiscal year 2015 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 2015 was 8.88% of annual payroll. The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$10,288,301 for the year ended June 30, 2015.

**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 \$5,824,680 to CalSTRS (5.679% of 2012-13 creditable compensation subject to CalSTRS).

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2015

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NOTE 12 – 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**

At June 30, 2015, 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	\$ 136,743,158
States's proportionate share of the net pension liability associated with the District	82,571,422
Total	<u>\$ 219,314,580</u>

The net pension liability was measured as of June 30, 2014, 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, 2013, and rolling forward the total pension liability to June 30, 2014. 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, 2014, the District’s proportion was 0.234 percent, which did not change from its proportion measured as of June 30, 2013.

For the year ended June 30, 2015, the District recognized pension expense of \$11,804,495. In addition, the District recognized pension expense and revenue of \$7,128,135 for support provided by the State. At June 30, 2015, 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	\$ -	\$ 33,672,742
District contributions subsequent to the measurement date	10,288,301	-
	<u>\$ 10,288,301</u>	<u>\$ 33,672,742</u>

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2015

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NOTE 12 – 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)**

\$10,288,301 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, 2016. 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 Inflows of Resources</u>
2016	\$ 8,418,186
2017	8,418,186
2018	8,418,186
2019	8,418,184
	<u>\$ 33,672,742</u>

**Actuarial assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	3.00%
Investment Yield (Net of Expenses)	7.50%
Wage Inflation	3.75%
Interest on Member Accounts	4.50%

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, 2013 valuation were based on the results of an actuarial experience study for the period July 1, 2006–June 30, 2010.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 12 – PENSION PLANS (continued)**

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

**Actuarial assumptions (continued)**

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 10-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return 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%	4.50%
Private Equity	12%	6.20%
Real Estate	15%	4.35%
Inflation Sensitive	5%	3.20%
Fixed Income	20%	0.20%
Cash/Liquidity	1%	0.00%
	<u>100%</u>	

\* 10-year geometric average

**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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2015

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NOTE 12 – PENSION PLANS (continued)

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

**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	\$ 213,146,821	\$ 136,743,158	\$ 73,036,389

**Pension plan fiduciary net position**

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

NOTE 12 – 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 2015 was 11.771% of annual payroll. Contributions to the plan from the District were \$5,618,484 for the year ended June 30, 2015.

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

At June 30, 2015, the District reported a liability of \$46,262,485 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2014, 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, 2013, and rolling forward the total pension liability to June 30, 2014. 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, 2014, the District’s proportion was 0.408 percent, which did not change from its proportion measured as of June 30, 2013.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2015

NOTE 12 – 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, 2015, the District recognized pension expense of \$4,269,513. At June 30, 2015, 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	\$ -	\$ 15,896,308
Changes in proportion and differences between District contributions and proportionate share of contributions	630,894	-
District contributions subsequent to the measurement date	5,618,484	-
	<u>\$ 6,249,378</u>	<u>\$ 15,896,308</u>

\$5,618,484 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, 2016. 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>
2016	\$ 157,724	\$ 3,974,077
2017	157,724	3,974,077
2018	157,724	3,974,077
2019	157,722	3,974,077
	<u>\$ 630,894</u>	<u>\$ 15,896,308</u>

**Actuarial assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2013, and rolling forward the total pension liability to June 30, 2014 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Yield (Net of Expenses)	7.50%
Wage Inflation	Varies by Entry Age and Service

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

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS, continued  
 JUNE 30, 2015

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NOTE 12 – PENSION PLANS (continued)

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

**Actuarial assumptions (continued)**

The actuarial assumptions used in the June 30, 2013 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.

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	47%	5.25%	5.71%
Global Fixed Income	19%	0.99%	2.43%
Inflation Sensitive	6%	0.45%	3.36%
Private Equity	12%	6.83%	6.95%
Real Estate	11%	4.50%	5.13%
Infrastructure and Forestland	3%	4.50%	5.09%
Liquidity	2%	-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



**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 12 – PENSION PLANS (continued)**

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

**Discount rate**

The discount rate used to measure the total pension liability was 7.50 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.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher total pension liability and net 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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
District's proportionate share of the net pension liability	\$ 81,154,959	\$ 46,262,485	\$ 17,106,305

**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 13 – 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, 2015.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 13 – COMMITMENTS AND CONTINGENCIES (continued)**

**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, 2015.

**C. Construction Commitments**

As of June 30, 2015, the District had commitments with respect to unfinished capital projects as follows:

	<b>Remaining Construction Commitment</b>
Capital Projects	
Sylvester Greenwood Academy	\$ 5,354,722
Richmond Swim Center	1,128,229
Korematsu	15,750,308
El Cerrito Stadium	3,871,442
Coronado Reconstruction	3,046,077
Nystrom Modernization	12,085,725
Pinole Valley Hillside Stabilization	679,040
De Anza Building	10,241,030
Pinole Valley Demolition	929,505
Kennedy Lab	175,929
Valley View Interim Housing	2,597,020
Total	<u>\$ 55,859,027</u>

**NOTE 14 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

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

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

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2015**

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**NOTE 15 – 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, 2015, the deferred amount on refunding was \$2,285,535.

**Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*, the District recognized deferred outflows and inflows of resources related to pensions in the District-wide financial statements. The District’s deferred outflows and inflows of resources related to pensions were as follows at June 30, 2015:

	<b>Deferred outflows related to pensions</b>	<b>Deferred inflows related to pensions</b>
STRS Pension	\$ 10,288,301	\$ 33,672,742
PERS Pension	6,249,378	15,896,308
<b>Total</b>	<b>\$ 16,537,679</b>	<b>\$ 49,569,050</b>

**NOTE 16 – RESTATEMENT OF NET POSITION**

The beginning net position of Governmental Activities has been restated in order to record the District’s proportionate share of net pension liability and deferred outflows of resources related to pensions in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27* in the amount of (\$215,869,791). The effect on beginning net position is presented as follows:

	<b>Governmental Activities</b>
Net Position - Beginning, as Previously Reported	\$ 227,175,573
Restatement	(215,869,791)
Net Position - Beginning, as Restated	<b>\$ 11,305,782</b>

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2015**

	Budgeted Amounts		Actual* (Budgetary Basis)	Variances - Final to Actual
	Original	Final		
<b>REVENUES</b>				
LCFF sources	\$ 217,641,738	\$ 216,832,664	\$ 216,726,163	\$ (106,501)
Federal sources	21,208,843	27,614,599	22,889,079	(4,725,520)
Other state sources	31,832,182	35,345,399	37,361,636	2,016,237
Other local sources	20,824,756	21,920,545	22,822,355	901,810
<b>Total Revenues</b>	<b>291,507,519</b>	<b>301,713,207</b>	<b>299,799,233</b>	<b>(1,913,974)</b>
<b>EXPENDITURES</b>				
Certificated salaries	118,489,781	122,191,458	117,835,153	4,356,305
Classified salaries	45,161,020	46,562,674	47,152,391	(589,717)
Employee benefits	72,333,977	72,864,316	68,564,961	4,299,355
Books and supplies	18,739,056	19,328,153	13,925,713	5,402,440
Services and other operating expenditures	44,607,066	58,966,171	51,443,257	7,522,914
Capital outlay	3,967,483	4,090,147	2,008,905	2,081,242
Other outgo				
Excluding transfers of indirect costs	995,352	995,352	982,903	12,449
Transfers of indirect costs	(465,005)	(924,870)	(956,117)	31,247
<b>Total Expenditures</b>	<b>303,828,730</b>	<b>324,073,401</b>	<b>300,957,166</b>	<b>23,116,235</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	<b>(12,321,211)</b>	<b>(22,360,194)</b>	<b>(1,157,933)</b>	<b>21,202,261</b>
<b>Other Financing Sources (Uses)</b>				
Transfers out	(1,495,396)	(1,495,396)	(1,495,396)	-
<b>Net Financing Sources (Uses)</b>	<b>(1,495,396)</b>	<b>(1,495,396)</b>	<b>(1,495,396)</b>	<b>-</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(13,816,607)</b>	<b>(23,855,590)</b>	<b>(2,653,329)</b>	<b>21,202,261</b>
<b>Fund Balance - Beginning</b>	<b>45,538,748</b>	<b>45,538,748</b>	<b>45,538,748</b>	<b>-</b>
<b>Fund Balance - Ending</b>	<b>\$ 31,722,141</b>	<b>\$ 21,683,158</b>	<b>\$ 42,885,419</b>	<b>\$ 21,202,261</b>

\* 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 \$5,824,680 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 Fund 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, 2015**

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<b>Actuarial Valuation Date</b>	<b>Actuarial Valuation of Assets</b>	<b>Actuarial Accrued Liability (AAL)</b>	<b>Unfunded AAL (UAAL)</b>	<b>Funded Ratio</b>	<b>Covered Payroll</b>	<b>UAAL as a Percentage of Covered Payroll</b>
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%
July 1, 2010	\$ -	\$ 386,000,000	\$ 386,000,000	0%	\$ 45,800,000	843%

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, 2015**

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	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.234%
District's proportionate share of the net pension liability	\$ 136,743,158
States's proportionate share of the net pension liability associated with the District	<u>82,571,422</u>
Total	<u>\$ 219,314,580</u>
District's covered-employee payroll	\$ 117,642,491
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	116.2%
Plan fiduciary net position as a percentage of the total pension liability.	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, 2015**

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	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.408%
District's proportionate share of the net pension liability	\$ 46,262,485
District's covered-employee payroll	\$ 47,711,159
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	97.0%
Plan fiduciary net position as a percentage of the total pension liability.	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, 2015**

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	<u>June 30, 2015</u>
Contractually required contribution	\$ 10,288,301
Contributions in relation to the contractually required contribution*	(10,288,301)
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 117,642,491
Contributions as a percentage of covered-employee payroll	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, 2015**

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	<u>June 30, 2015</u>
Contractually required contribution	\$ 5,618,484
Contributions in relation to the contractually required contribution	(5,618,484)
Contribution deficiency (excess)	<u>\$ -</u>
District's covered-employee payroll	\$ 47,711,159
Contributions as a percentage of covered-employee payroll	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, 2015**

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**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, 2015**

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**NOTE 2 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2015, 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:

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Classified salaries	\$ 46,562,674	\$ 47,152,391	\$ 589,717

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**SUPPLEMENTARY  
INFORMATION**

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**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2015**

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	\$ 6,799,898
Title I, School Improvement Grant (SIG) for QEIA Schools	84.377	14971	3,573,677
Adult Education Cluster			
Adult Education: Adult Basic Education & ESL	84.002A	14508	282,312
Adult Education: Adult Secondary Education	84.002A	13978	110,350
Adult Education: English Literacy and Civics Education	84.002A	14109	51,368
Subtotal Adult Education Cluster			<u>444,030</u>
Title II, Part A, Teacher Quality	84.367A	14341	2,109,562
Title II, Part B, CA Mathematics and Science Partnerships	84.366	14512	492,971
Title III Cluster			
Title III, Limited English Proficient (LEP) Student Program	84.365	14346	905,298
Title III, Immigrant Education Program	84.365	15146	59,974
Subtotal Title III Cluster			<u>965,272</u>
Title IV, Part B, 21st Century Community Learning Centers Program	84.287	14681	351,224
Department of Rehab: Workability II, Transition Partnership	84.158	10006	226,395
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	5,706,575
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	24,739
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027	14468	342,576
Part B, Preschool Grants	84.173	13430	288,467
IDEA Preschool Local Entitlement, Part B, Sec 611	84.027A	13682	506,708
Preschool Staff Development, Part B	84.173A	13431	2,896
Alternative Dispute Resolution, Part B, Sec 611	84.173A	13007	24,004
Subtotal Special Education Cluster			<u>6,895,965</u>
IDEA Early Intervention Grants	84.181	23761	83,664
Vocational Programs: Voc & Appl Adult, Section 132 (Carl Perkins Act)	84.048	14893	7,393
Vocational Programs: Voc & Appl Tech Secondary II C, Sec 131 (Carl Perkins Act)	84.048	14894	79,526
Title X, McKinney-Vento Homeless Assistance	84.196	14332	68,138
Teaching American History	84.215	10128	59,384
Safe and Supportive Schools Programmatic Intervention (S3)	84.184	15164	131,581
Learning Without Borders	84.351C	*	187,103
Department of Rehabilitation CA Promise	84.418P	14377	135,904
Advanced Placement and International Baccalaureate Test Fee Program	84.330B	14831	45,584
<b>Total U. S. Department of Education</b>			<u>22,657,271</u>

(Continued On Next Page)

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, continued  
FOR THE YEAR ENDED JUNE 30, 2015**

<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 [1]			
National School Lunch Program	10.555	13391	8,424,241
Especially Needy Breakfast	10.553	13526	2,192,054
USDA Commodities	10.555	*	1,024,165
Summer Food Service Program for Children	10.559	13004	791,349
Subtotal Child Nutrition Cluster			<u>12,431,809</u>
Child and Adult Food Care Program Cluster			
Child and Adult Food Care Program	10.558	13665	1,871,190
USDA Commodities	10.558	13665	139,098
Subtotal Child Nutrition Cluster			<u>2,010,288</u>
<b>Total U. S. Department of Agriculture</b>			<u>14,442,097</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	847,181
<b>Total U. S. Department of Health &amp; Human Services</b>			<u>847,181</u>
<b>Total Federal Expenditures</b>			<u>\$ 37,946,549</u>

[1] - Major Program

\* - 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, 2015**

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	<b>Second Period Report</b>	<b>Annual Report</b>
SCHOOL DISTRICT		
TK/K through Third		
Regular ADA	9,574.44	9,597.05
Extended Year Special Education	27.48	27.48
Special Education - Nonpublic Schools	10.69	10.66
Extended Year Special Education - Nonpublic Schools	1.16	1.16
Total TK/K through Third	9,613.77	9,636.35
Fourth through Sixth		
Regular ADA	6,530.99	6,529.34
Extended Year Special Education	9.64	9.64
Special Education - Nonpublic Schools	13.73	13.13
Extended Year Special Education - Nonpublic Schools	1.14	1.14
Total Fourth through Sixth	6,555.50	6,553.25
Seventh through Eighth		
Regular ADA	3,884.74	3,881.97
Extended Year Special Education	4.65	4.65
Special Education - Nonpublic Schools	10.97	10.81
Extended Year Special Education - Nonpublic Schools	1.00	1.00
Total Seventh through Eighth	3,901.36	3,898.43
Ninth through Twelfth		
Regular ADA	7,607.60	7,565.01
Extended Year Special Education	14.27	14.27
Special Education - Nonpublic Schools	42.13	38.78
Extended Year Special Education - Nonpublic Schools	6.41	6.41
Total Ninth through Twelfth	7,670.41	7,624.47
TOTAL SCHOOL DISTRICT	27,741.04	27,712.50

See accompanying note to supplementary information.



**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2015**

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<b>Grade Level</b>	<b>Minutes Requirement</b>	<b>Minutes Requirement Reduced</b>	<b>2014-15 Actual Minutes</b>	<b>Number of Days</b>	<b>Status</b>
Kindergarten	36,000	35,000	36,000	180	Complied
Grade 1	50,400	49,000	50,435	180	Complied
Grade 2	50,400	49,000	50,435	180	Complied
Grade 3	50,400	49,000	50,435	180	Complied
Grade 4	54,000	52,500	54,035	180	Complied
Grade 5	54,000	52,500	54,035	180	Complied
Grade 6	54,000	52,500	54,035	180	Complied
Grade 7	54,000	52,500	55,660	180	Complied
Grade 8	54,000	52,500	55,660	180	Complied
Grade 9	64,800	63,000	64,800	180	Complied
Grade 10	64,800	63,000	64,800	180	Complied
Grade 11	64,800	63,000	64,800	180	Complied
Grade 12	64,800	63,000	64,800	180	Complied

See accompanying note to supplementary information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2015**

	2016 (Budget)	2015	2014	2013
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 310,724,701	\$ 299,799,233	\$ 278,917,977	\$ 262,352,736
Expenditures And Other Financing Uses	308,212,427	302,452,562	278,739,202	266,424,277
Net change in Fund Balance	\$ 2,512,274	\$ (2,653,329)	\$ 178,775	\$ (4,071,541)
Ending Fund Balance	\$ 45,397,693	\$ 42,885,419	\$ 45,538,748	\$ 45,359,973
Available Reserves*	\$ 21,605,200	\$ 21,888,710	\$ 21,666,174	\$ 21,702,000
Available Reserves As A Percentage Of Outgo	7.01%	7.24%	7.77%	5.14%
Long-term Debt	\$ 1,413,586,083	\$ 1,448,820,604	\$ 1,367,311,212	\$ 1,012,506,970
Average Daily Attendance At P-2	26,215	27,741	28,148	28,037

The General Fund balance has decreased by \$2,474,554 over the past two years. The fiscal year 2015-16 budget projects an increase of \$2,512,274. 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 surplus during the 2015-16 fiscal year. Total long term obligations have increased by \$436,340,634 over the past two years.

Average daily attendance has decreased by 296 ADA over the past two years. A further decrease of 1,526 in ADA is anticipated during the 2015-16 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 for Capital Outlay Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

On behalf payments of \$5,824,680 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, 2015**

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	<b>General Fund</b>	<b>Special Reserve Fund for Other Than Capital Outlay Fund</b>	<b>Building Fund</b>
June 30, 2015, annual financial and budget report fund balance	\$ 42,885,419	\$ 11,745,905	\$ 84,274,500
Adjustments and reclassifications:			
Increase (decrease) in total fund balances:			
Fund balance transfer (GASB 54)	11,745,905	(11,745,905)	-
Reduction of accounts receivable	(585,988)	-	-
Increase of accounts payable	-	-	(2,403,615)
Net adjustments and reclassifications	11,159,917	(11,745,905)	(2,403,615)
June 30, 2015, audited financial statement fund balance	<u>\$ 54,045,336</u>	<u>\$ -</u>	<u>\$ 81,870,885</u>

See accompanying note to supplementary information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
 SCHEDULE OF CHARTER SCHOOLS  
 FOR THE YEAR ENDED JUNE 30, 2015**

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<b>Charter School</b>	<b>Status</b>	<b>Included in Audit Report</b>
Aspire Richmond Ca. College Preparatory Academy	Active	No
Aspire Richmond Technology Academy	Active	No
John Henry High	Active	No
Leadership Public Schools: Richmond	Active	No
Manzanita Middle	Active	No
Richmond Charter Academy	Active	No
Richmond Charter Elementary - Benito Juarez	Active	No
Richmond College Preparatory	Active	No

See accompanying note to supplementary information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
COMBINING BALANCE SHEET  
JUNE 30, 2015**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund for Blended Component Units	Debt Service Fund	Non-Major Governmental Funds
<b>ASSETS</b>										
Cash and cash equivalents	\$ 702,661	\$ 71,817	\$ 25,441	\$ 2,360,027	\$ 4,007,873	\$ 1,843	\$ 3,541,659	\$ 1,042,373	\$ -	\$ 11,753,694
Investments	3,242	-	-	-	1,170,842	53,008	-	-	1,084	1,228,176
Accounts receivable	382,106	442,999	3,463,497	791	1,824	1,363	10,137	-	-	4,302,717
Stores inventory	-	-	561,789	-	-	-	-	-	-	561,789
<b>Total Assets</b>	<b>\$ 1,088,009</b>	<b>\$ 514,816</b>	<b>\$ 4,050,727</b>	<b>\$ 2,360,818</b>	<b>\$ 5,180,539</b>	<b>\$ 56,214</b>	<b>\$ 3,551,796</b>	<b>\$ 1,042,373</b>	<b>\$ 1,084</b>	<b>\$ 17,846,376</b>
<b>LIABILITIES</b>										
Accrued liabilities	\$ 75,383	\$ 3,467	\$ 447,303	\$ -	\$ 8,277	\$ -	\$ 309,148	\$ -	\$ -	\$ 843,578
Due to other funds	-	320,000	480,000	-	-	-	-	-	-	800,000
<b>Total Liabilities</b>	<b>75,383</b>	<b>323,467</b>	<b>927,303</b>	<b>-</b>	<b>8,277</b>	<b>-</b>	<b>309,148</b>	<b>-</b>	<b>-</b>	<b>1,643,578</b>
<b>FUND BALANCES</b>										
Non-spendable	-	-	561,789	-	-	-	-	-	-	561,789
Restricted	9,355	132,620	2,534,733	-	-	56,214	677,667	1,042,373	1,084	4,454,046
Committed	1,003,271	-	26,902	2,360,818	-	-	-	-	-	3,390,991
Assigned	-	58,729	-	-	5,172,262	-	2,564,981	-	-	7,795,972
<b>Total Fund Balances</b>	<b>1,012,626</b>	<b>191,349</b>	<b>3,123,424</b>	<b>2,360,818</b>	<b>5,172,262</b>	<b>56,214</b>	<b>3,242,648</b>	<b>1,042,373</b>	<b>1,084</b>	<b>16,202,798</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,088,009</b>	<b>\$ 514,816</b>	<b>\$ 4,050,727</b>	<b>\$ 2,360,818</b>	<b>\$ 5,180,539</b>	<b>\$ 56,214</b>	<b>\$ 3,551,796</b>	<b>\$ 1,042,373</b>	<b>\$ 1,084</b>	<b>\$ 17,846,376</b>

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, 2015**

	Adult Education Fund	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Debt Service Fund for Blended Component Units	Debt Service Fund	Non-Major Governmental Funds
<b>REVENUES</b>										
Federal sources	\$ 451,424	\$ 387,153	\$ 14,442,096	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,280,673
Other state sources	40,375	2,508,069	975,237	-	-	692,436	-	-	-	4,216,117
Other local sources	346,952	58,231	820,755	9,388	1,798,180	62,074	1,605,840	-	3	4,701,423
<b>Total Revenues</b>	<b>838,751</b>	<b>2,953,453</b>	<b>16,238,088</b>	<b>9,388</b>	<b>1,798,180</b>	<b>754,510</b>	<b>1,605,840</b>	<b>-</b>	<b>3</b>	<b>24,198,213</b>
<b>EXPENDITURES</b>										
Current										
Instruction	1,697,819	2,341,277	-	-	-	-	-	-	-	4,039,096
Instruction-related services										
Instructional supervision and administration	267,602	361,943	-	-	-	-	-	-	-	629,545
School site administration	1,168,108	-	-	-	-	-	-	-	-	1,168,108
Pupil services										
Food services	-	10,147	15,476,823	-	-	-	-	-	-	15,486,970
All other pupil services	18,999	64,785	-	-	-	-	-	-	-	83,784
General administration										
All other general administration	-	142,740	813,377	-	-	-	-	-	-	956,117
Plant services	234,902	7,034	165,750	571,951	-	-	799,424	-	-	1,779,061
Facilities acquisition and maintenance	-	-	-	20,720	68,257	45,066,457	2,639,411	-	-	47,794,845
<b>Total Expenditures</b>	<b>3,387,430</b>	<b>2,927,926</b>	<b>16,455,950</b>	<b>592,671</b>	<b>68,257</b>	<b>45,066,457</b>	<b>3,438,835</b>	<b>-</b>	<b>-</b>	<b>71,937,526</b>
<b>Excess (Deficiency) of Revenues</b>										
<b>Over Expenditures</b>	<b>(2,548,679)</b>	<b>25,527</b>	<b>(217,862)</b>	<b>(583,283)</b>	<b>1,729,923</b>	<b>(44,311,947)</b>	<b>(1,832,995)</b>	<b>-</b>	<b>3</b>	<b>(47,739,313)</b>
<b>Other Financing Sources (Uses)</b>										
Transfers in	1,495,396	-	-	-	-	-	-	-	-	1,495,396
<b>Net Financing Sources (Uses)</b>	<b>1,495,396</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,495,396</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(1,053,283)</b>	<b>25,527</b>	<b>(217,862)</b>	<b>(583,283)</b>	<b>1,729,923</b>	<b>(44,311,947)</b>	<b>(1,832,995)</b>	<b>-</b>	<b>3</b>	<b>(46,243,917)</b>
<b>Fund Balance - Beginning</b>	<b>2,065,909</b>	<b>165,822</b>	<b>3,341,286</b>	<b>2,944,101</b>	<b>3,442,339</b>	<b>44,368,161</b>	<b>5,075,643</b>	<b>1,042,373</b>	<b>1,081</b>	<b>62,446,715</b>
<b>Fund Balance - Ending</b>	<b>\$ 1,012,626</b>	<b>\$ 191,349</b>	<b>\$ 3,123,424</b>	<b>\$ 2,360,818</b>	<b>\$ 5,172,262</b>	<b>\$ 56,214</b>	<b>\$ 3,242,648</b>	<b>\$ 1,042,373</b>	<b>\$ 1,084</b>	<b>\$ 16,202,798</b>

See accompanying note to supplementary information.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2015**

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**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 the United States Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

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, 2015 or Federal funds that have been recorded as revenues in the current year and were not expended by June 30, 2015.

	CFDA	
	Number	Amount
Total Federal Revenues reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance		\$ 41,831,288
Medi-Cal Billing Option	93.778	(223,203)
Build America Bonds	*	(3,661,536)
Total Expenditures reported in the Schedule of Expenditures of Federal Awards		<u>\$37,946,549</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, 2015, the District participated in the Longer Day incentive funding program. As of June 30, 2015, the District had not yet met its target funding. Through 2014-15, the instructional day and minute requirements have been reduced pursuant to *Education Code Section 46201.2*.

**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, 2015

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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. (Located in the front of the audit report)



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**OTHER INDEPENDENT  
AUDITORS' REPORTS**

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**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, 2015, 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 15, 2015.

**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 Ash, CPA

Heather Rubio

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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 certain deficiencies in internal control, described in the accompanying Schedule of Audit Findings and Questioned Costs that we consider to be significant deficiencies. (Finding #2015-1 and # 2015-2)

### **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.



San Diego, California  
December 15, 2015

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-  
133

Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Heather 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 Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about West Contra Costa Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion 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, 2015.

### **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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Contra Costa Unified School District's internal control over compliance.

*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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Christy White Associates*

San Diego, California  
December 15, 2015

## REPORT ON STATE COMPLIANCE

### Independent Auditors' Report

Christy White, CPA

Michael Ash, CPA

Heather Rubio

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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel 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, 2015, 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 *2014-15 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, issued by the California Education Audit Appeals Panel as regulations. 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.

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### *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, 2015.

### *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 #2015-3, #2015-4, #2015-5. 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:

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Yes
Instructional Time for school districts	Yes
Instructional Materials, general requirements	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
Regional Occupation Centers or Programs Maintenance of Effort	Yes
Adult Education Maintenance of Effort	Yes
California Clean Energy Jobs Act	Yes

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
After School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Common Core Implementation Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan Attendance; for charter schools	Yes
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 15, 2015



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**SCHEDULE OF FINDINGS  
AND QUESTIONED COSTS**

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**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**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 section .510(a) of OMB Circular A-133?	<u>No</u>
Identification of major programs:	

<u>CFDA Number(s)</u>	<u>Name of Federal Program of Cluster</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>1,138,396</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, 2015

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FIVE DIGIT CODE

20000  
30000

AB 3627 FINDING TYPE

Inventory of Equipment  
Internal Control

FINDING #2015-01: ASSOCIATED STUDENT BODY INTERNAL CONTROLS (30000)

**Criteria:** Proper internal controls should be in place to ensure Associated Student Body (ASB) funds are properly collected, deposited and expended as part of the District's fiduciary duty. In addition, adequate internal controls will ensure that fiduciary fund assets are safeguarded.

**Condition:** The site listed and detailed below was determined to be lacking proper internal controls and audit documentation relating to budgeting, cash disbursements, and/or cash receipts. The deficiencies in internal controls noted include the following:

*De Anza High School*

- Cash receipts selections noted instances in which deposits lacked appropriate supporting documentation. All cash receipts should be supported by ticket collection worksheets or inventory tally sheets in order to properly verify the amount of cash collected was subsequently deposited.
- Cash receipts selected for testing did not trace correctly from supporting documentation to the actual deposit amount.
- Disbursements selected for testing appeared to be questionable as to appropriate use of student body funds.

**Cause:** Noncompliance with District accounting policies and procedures.

**Effect:** A lack of proper internal controls can lead to accounting irregularities to go undetected and increase the potential for the misappropriation of fiduciary fund assets.

**Perspective:** We audited ASB funds at the schools for testing in the fiscal year 2014-15. Our audit included an evaluation of internal control procedures over cash disbursements, cash receipts, inventory, budgeting, and ASB organization.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS, continued  
FOR THE YEAR ENDED JUNE 30, 2015**

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**FINDING #2015-01: ASSOCIATED STUDENT BODY INTERNAL CONTROLS (30000) (continued)**

**Recommendation:** Training and instruction on the use of standardized formats should continue to be provided annually with compliance follow-up by the district office. 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. Proper controls over cash receipting and cash disbursements are integral for proper safeguarding of assets.

**District Reponses:** The District agrees with this finding. The District will continue to provide annual training as well as on-site visits throughout the 2015-16 school year. The District implemented a web based accounting software for the 15-16 fiscal year at all high schools and middle schools. The software is designed to reduce the potential for human error and will help staff monitor and ensure that funds are properly collected, deposited, and expended in timely manner. The District also plans to provide each student body account clerk with 2015 FCMAT Associated Student Body Account Manual & Desk Reference and reinforce the importance for sound internal control procedures to be implemented.

**FINDING #2015-02: ACCOUNTS PAYABLE ACCRUALS (30000)**

**Criteria:** Accrual accounting requires that revenues and expenditures be recorded in the period in which they are earned or incurred. Internal controls should be implemented to ensure that accounting transactions are recorded in the proper period and follow proper accrual accounting standards.

**Condition:** During testing of accounts receivable and accounts payable, we found a total of \$2,403,615 in unrecorded liabilities in Building Fund for capital outlay, an adjustment was made to building fund to recognize the liability..

**Cause:** The District has a cutoff date to record all accruals. It is sometimes difficult for construction to provide that data in time for the Districts cutoff date.

**Effect:** Transactions not recorded in the proper period could lead to material misstatements.

**Perspective:** Testing of accounts payable balances. The amount noted was \$2,403,615 out of \$60,735,249 in total payables, 4%.

**Recommendation:** We recommend that the District implement sufficient and appropriate internal control procedures to ensure that transactions are recorded in the proper accounting period.

**District Reponses:** The District agrees with this finding and has arranged additional staff to monitor the accounts payable accruals.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

*There were no Federal Findings or Questioned Costs for 2014-15.*

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2015**

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<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 #2015-03 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)**

**Criteria:** Students classified as English Learner 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:** For testing of EL students, we found 2 of 60 students tested were incorrectly recorded in the CALPADS 1.18 FRPM/English Learner/Foster Youth – Student List Report as EL. After review of the CELDT Scores, the students either did not have a CELDT Score or had been reclassified as RFEP.

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

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

**Context:** Two (2) of 60 pupils reported as EL students did not have proper supporting documentation to support their designation.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2015**

**FINDING #2015-03 – UNDUPLICATED LOCAL CONTROL FUNDING FORMULA PUPIL COUNTS (40000)**  
**(continued)**

**Questioned Costs:** To determine questioned costs, the error rate (2/60) or 3.33% was extrapolated over the entire impacted population for all schools of 1,376 to get a total of 46 unallowed students.

<b>LCFF Target Base Grant Amount and Pupil Counts</b>		
1) Total Base Grant Amount	216,488,037	
	<b>Section 1: UPP</b>	<b>Section 2: UPP</b>
2) Total Enrollment Count from Unduplicated Pupil Percentage Exhibit	58,920	58,631
3) Unduplicated Pupil Count from Unduplicated Pupil Percentage Exhibit	43,698	43,926

<b>Unduplicated Pupil Percentage Adjustment</b>		
4) Unduplicated Pupil Count	43,698	43,926
5) Number of Unduplicated Pupil Count Adjustment (plus or minus)	(46)	(46)
6) Adjusted Unduplicated Pupil Count	43,652	43,880
7) Unduplicated Pupil Percentage calculated at P-2	0.7416	0.7492
8) Adjusted Unduplicated Pupil Percentage	0.7409	0.7484
9) Funded UPP (Greater of Section 1 or 2)		0.7484

<b>Target Supplemental Audit Adjustment</b>		
10) Target supplemental grant funding calculated at P-2	-	32,438,567
11) Adjusted target supplemental grant funding	-	32,403,929
12) Target supplemental audit adjustment	-	(34,638)

<b>Target Concentration Audit Adjustment</b>		
13) Target Concentration grant funding calculated at P-2		-
14) Adjusted target concentration grant funding		-
15) Target concentration audit adjustment		-

<b>Value of Adjustment in Current Year</b>		
16) Total target supplemental and concentration audit adjustment	-	(34,638)
17) Statewide gap funding rate	0.3016000000	0.3016000000
18) Estimated value of unduplicated pupil count audit adjustment for 2014-15	-	(10,447)

**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 English learners. The management position responsible for CELDT testing and EL reclassification activities shall review and certify the numbers of EL included in the 1.18 form prior to final submission.

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2015**

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**FINDING #2015-04: SCHOOL ACCOUNTABILITY REPORT CARD (72000)**

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

**Condition:** During testing of a representative sample of SARCs, it was noted that a selection of SARCs did not accurately report facilities conditions in the following instances:

- Hanna Ranch Elementary School had inconsistencies between FIT form and SARC regarding the School Facility's Good Repair Status
  - Systems was reported "Fair" on FIT but was reported as "Poor" on SARC
  - Interior was reported "Fair" on FIT but was reported as "Good" on SARC
  - Electrical was reported as "Poor" on FIT but was reported as "Good" on SARC
  - Restrooms/Fountains was reported as "Fair" on FIT but was reported as "Good" on SARC
- De Anza High School had inconsistencies between FIT form and SARC regarding the School Facility's Good Repair Status.
  - Interior was reported "Fair" on FIT but was reported as "Good" on SARC
  - Restrooms/Fountains were reported "Fair" on FIT but was reported as "Good" on SARC
  - External was reported "Fair" on FIT but was reported as "Good" on SARC
  - Overall rating was reported as "Good" on FIT but was reported as "Exemplary" on SARC

**Cause:** Clerical errors made in compiling and publishing SARC information.

**Questioned Costs:** N/A

**Perspective:** Auditors tested a representative sample of 10 of the District's SARCs, for compliance with applicable areas including sufficiency of instructional materials, teacher misassignments, and facilities conditions.

**Effect:** The 2013-14 SARCs published and tested in 2014-15 could not be determined to be accurate based on review of supporting documentation.

**Recommendation:** We recommend that the District implement a process to accurately compile information included in the most recently prepared FITs and provide the summary to the staff members in charge of preparing the SARC.

**District Response:** The District will ensure that published SARC scores will reflect the latest Facility Inspection Tool (FIT) information from the following year. The FIT data will be duplicated and confirmed to insure accuracy prior to distribution with staff documenting the SARC information.



**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS, continued  
FOR THE YEAR ENDED JUNE 30, 2015**

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**FINDING #2015-05: AFTER SCHOOL EDUCATION AND SAFETY PROGRAM (40000)**

**State Funding Source:** After School Education and Safety Program (ASES)

**Criteria:** Pursuant to California Education Code Sections 8482.3 and 8484, the reported number of students served should be supported by written records that document pupil participation. Per Education Code Section 8483(a)(4), it is the intent of the Legislature that that pupils in elementary school participate in the full day of the program every day during which pupils participate to accomplish program goals.

**Condition:** In testing the monthly attendance report for November 2014, it was noted that one (1) of twenty five (25) pupils did not have adequate documentation to support ASES attendance records. Records indicated the student was not present or did not participate in the full day of the program as specified by the District's established early release policy and in some instances should have been recorded present when it was not claimed.

One (1) out of Four (4) school sites tested had a First Half Manage Grant Attendance Report that did not match attendance system's monthly summary attendance report. Montalvin Manor Elementary had reported 6063 students served per First Half Manage Grant Attendance Report, but per Monthly Attendance Summary generated from the attendance system, 6061 students served were reported from August 2014-December 2014. In effect, attendance was overstated by 2 days.

**Effect:** The District may not be accurately reporting the number pupils served by not adhering to early release policies that have been implemented. Overall effect of errors resulted in an overstatement of attendance records of 2 days in the First Half Manage Report Grant. Although immaterial, we recommend reviewing these results with appropriate personnel to ensure ASES attendance is accurately recorded. The total students served reported in the first half was 197,442, the correct amount should be 197,440.

**Cause:** Insufficient review procedures when reconciling attendance records to the signed rosters.

**Questioned Costs:** None. The misstatements noted did not cause the District to fall below the 85% attendance threshold and would therefore result in no questioned costs.

**Recommendation:** We recommend that the District continue to provide oversight and training to staff responsible for reconciling attendance records regarding the importance of accurately reviewing attendance records for discrepancies when comparing against signed rosters and student early release policies. This will ensure that the records submitted to the State can be relied upon.

**District Response:** The District will continue to provide oversight and training to the staff responsible for reconciling attendance records regarding the importance of accurately reviewing attendance records when comparing against signed rosters and student early release policies.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2015

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**Finding 2014-1: 30000 -Student Body Accounting**

**Criteria:** Internal Controls – Safeguarding of Assets

**Condition:** At the Juan Crespi Middle School site the following issues were noted:

- Receipts are not being issued during the initial receipt of cash.
- Deposits are not supported by detailed schedules defining the number of items receipted and the unit price per item.
- Receipts are not issued when funds are turned into the Bookkeeper
- Deposits are not being performed on a timely or routine basis.
- ASB Cash Count form does not always have the proper signatures for approval.
- Incorrect charge accounts listed on the authorization request form.
- A profit and loss statement for the student store is not prepared.
- Council minutes were not available for review as Secretary does not produce any copies.
- Items listed on the bank statements were not listed in detail on the monthly reconciliation or schedule.

**Effect:** There exists a risk that ASB funds could potentially be misappropriated.

**Cause:** Adequate internal control procedures have not been consistently followed.

**Fiscal Impact:** Not determinable.

**Recommendation:** School site should implement the proper control procedures in order to protect ASB funds from misappropriation:

- Receipts should be issued and signed when funds are deposited into the front office.
- Receipts should be issued during the initial receipt of cash.
- Deposits should be supported by detailed schedules defining the number of items receipted and unit price per item.
- Deposits should be performed promptly upon receipt of funds.
- Formal approval for fundraising activities by the Principal or other designated site personnel should be kept in records.
- Authorization request form should include the proper signatures from the council, advisor, and principal, as well as the correct charge account.
- Council minutes should be prepared and made available for review.
- The monthly reconciliations should include a detail of items included on the bank statement.
- A profit-loss analysis should be performed regularly and reviewed/approved by the Principal or other designated site personnel.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2015

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**Finding 2014-1: 30000 -Student Body Accounting (continued)**

**Corrective Action Plan:** The District agrees with this finding. The District has recently reinstated the position of Internal Auditor and has assigned a designated District Office staff member that performs periodic site visits to review the processes and procedures being used in the regards to the site's ASB activities. During these site visits, the staff member reviews the ASB Audit Checklist with the Office Manager and/or Cashier to determine what the site is and is not doing accurately. Once deficiencies are determined, the District staff member reviews the processes and procedures outlined in the ASB manual with the site staff member. We will continue to do follow up visits to ensure that improvements to the process have been made.

In addition, to address the issue of untimely deposits the District will revise its Bank Reconciliation form to include an attachment that details their deposits and the collection of funds (i.e. date of collection, date of deposit). This will help us monitor the timeliness of the sites' deposits. If there are issues we will address them at that time.

To address the recommendation for keeping record of formal approvals of fundraising activities, our District Office staff member will continue to inform school sites of the Board Approved Fundraisers and reiterate the importance of maintaining this as a backup documentation for their fundraising activities.

The District plans to organize several in-service trainings as well as on-site visits throughout the 2014-15 school year for our secondary sites as well as our elementary and middle school sites. We will discuss the manual in detail and go over common errors found in the processes and procedures of student body funds.

**Status:** Partially Implemented see Finding #2015-01.

WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS, *continued*  
FOR THE YEAR ENDED JUNE 30, 2015

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**Finding 2014-2: 10000 –State Compliance – Attendance Reporting**

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

**Condition:** At Sheldon Elementary School one student was improperly included for a total misstatement of one day.

**Effect:** The effect of this finding is an extrapolated overstatement of 0.57 ADA in the Transition Kindergarten through Third grade span.

**Fiscal Impact** The fiscal impact of the error is approximately \$3,800.

**Recommendation:** The District should revise and resubmit the Second Period Report of Attendance removing the disallowed attendance.

**Corrective Action Plan:** The District concurs with the finding. The District will revise and resubmit the Period Two Report of Attendance to reflect the reduction of 0.57 of Average Daily Attendance (ADA). The District will continue to audit attendance accounting at the school sites and provide additional training when necessary. The newly reinstated position of Internal Auditor will be responsible for monitoring the training of staff and auditing the attendance accounting at school sites.

**Status:** Implemented.