

West Contra Costa Unified School District



Citizens' Bond Oversight Committee

2017 ANNUAL REPORT

West Contra Costa Unified School District

Citizens' Bond Oversight Committee

2017 Annual Report

WCCUSD Citizens' Bond Oversight Committee 2017

2017 Executive Subcommittee

Charles Cowans, Chairperson
Stephen Purser, Vice
Chairperson
Cameron "Mac" Moore,
Secretary

Jon Ames
Rhem Bell
Mark Bordas
Peter Chau
Denise Gianni
Don Gosney
Auna Harris
Dennis Hicks
Leisa Johnson
Anton Jungherr
Chris Kelley
Antonio Medrano
Devin Murphy
Davis Toddhunter

Annual Report 2017 Subcommittee

Kathy Fleming, Chairperson
Sallie DeWitt
Gregg Visineau

The CBOC has 17 authorized
members.

Annual Report 2017 January 2017 to December 2017

To Promote Bond Fund Economy and Efficiency

The State of California requires Citizens' Bond Oversight Committees to inform the public and taxpayers concerning the Proposition 39 (55% local school bond measures) expenditures and use of bond funds at least once a year.

This is the West Contra Costa Unified School District's Citizens' Bond Oversight Committee (CBOC) Annual Report 2017.

The CBOC expresses its sincere thanks to Mark Bonnett, Dennis Clay, Adam Ferber, Luis Freese, Silvia Garfield, Christina Hanson, Nancy Ingram, Jackie Kim, Lisa LeBlanc, Vince Meyer, David Page, Melissa Payne, Chet Ratliff and Tom Waller.

Contacting the CBOC

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www.wccusd-bond-oversight.com

EXECUTIVE SUMMARY

The Purpose of this Report

The State of California requires Citizens' Bond Oversight Committees (CBOCs) to inform the public and taxpayers concerning the expenditures and use of bond funds at least once a year.¹ This is West Contra Costa Unified School District's (WCCUSD's) CBOC Annual Report 2017. It is meant to inform and be read by, in particular, the school community, local student families, teachers and other District staff, the Board of Education, local property owners, as well as any other interested parties.

The Focus of this Report

This report covers actions taken and events related to WCCUSD's bond fund which took place in calendar year 2017. Historic context leading up to 2017, or subsequent events which took place after 2017, are included only as needed to explain and give context to actions and events in 2017.

The Organization of this Report

Following background information about CBOCs and an introduction to this annual report, the main body of this report is organized into four sections pertinent to 2017:

- The use of bond funds in 2017 and program financial status
- WCCUSD audits and the CBOC's Annual 2017 Compliance Statement, legally required
- Implementation status of the 2016 Forensic Accounting Investigation Recommendations
- Implementation status of the 2016 Long Range Facility Master Plan

Additionally, there are eighteen appendices, labeled A-R, with further details and reference material.

¹ California Education Code Section 15278 (b): "The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution" and Section 15280 (b): "The citizens' oversight committee shall issue regular reports on the results of its activities. A report shall be issued at least once a year."

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Use of Bond Funds in 2017

Since the bond program began in 1998, through December 31, 2017, approximately \$1.43 billion was spent on WCCUSD school facilities projects. Out of 53 schools in WCCUSD, 16 have been built or rebuilt; 28 schools have been renovated.

In 2017, work continued on “legacy” contracts, i.e., those begun prior to approval of the 2016 Facility Master Plan (FMP), and implementation of the 2016 Facility Master Plan began. In 2017, 21 projects were conducted, with two labeled by the District as construction projects. The first one is the major ongoing facility replacement project for Pinole Valley High School. The second one is a minor project at Lake Elementary School, involving the demolition of onsite portable units. The full replacement of Lake remains an unbudgeted Master Plan project at this time, for consideration by the Board at an unspecified later date.



Pinole Valley High School

Program Financial Status

Project expenditures totaled \$56.4 million in 2017, less than \$5 million per month; 10% less than in 2016. Actual cash balance totaled \$51.5 million at year end. State grants received in 2017, totaled \$6.9 million, about the same as in 2016; state grants pending approval at year end totaled \$26.8 million. The remaining budget balance at the end of 2017, was \$221.7 million, including a remaining \$77.8 million for the 21 “Master Planning Projects” approved by the Board in 2016, projects related to the 2016 Long Range Facility Master Plan.

Projected cash balance in 2021, increased in 2017, from \$78.4 million to \$86.9 million due to state grants received, projects closed out below budget and interest earned in 2017. This

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projection covers all to-date budgeted projects. Also included in this projection is the expected sale of all remaining bond authorizations, \$255 million.

Clean Financial Audit and the First “Results and Effectiveness” Performance Audit

The District is subject to two annual audits of the bond program which require oversight from the CBOC, a financial and performance audit. Both must be conducted by independent professional auditing firms per published standards and guidelines, and be completed no later than March 31 following the close of the District’s fiscal year, which ends on June 30.

A basic performance audit is required by state law to determine whether bond funds are used for projects listed in bond ballot measures, and only for construction, furnishings and equipment. Upon the recommendation of the CBOC in 2016, and again in early 2017, the Board approved an expanded scope performance audit to include “effectiveness and results” -- an assessment of bond program management -- for three years, starting with FY 2017.

The District’s FY 2017 “effectiveness and results” performance audit is now the baseline for measuring future improvements in bond program management. Eighteen “Improvement Recommendations” were made by the auditors in the FY 2017 performance audit. The District committed to resolve all of these by the end of FY 2018 (June 30, 2018). However, on the release date of this annual report, the CBOC has no information as to if or how these Improvement Recommendations have been resolved by the District.

The District received a clean financial audit (i.e., free of negative findings) in FY 2017.

2017 WCCUSD CBOC Compliance Opinion for General Obligation Bonds Measure D (2010) and Measure E (2012)

California Education Code Section 15278 (b) requires that: “The citizens oversight committee shall advise the public as to whether the [District] is in compliance with the [accountability] requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution”.² The Citizens’ Bond Oversight Committee issued its 2017 Compliance Opinion within the body of this report (Section 4).

Based on the results of its FY 2017 “*Bond Program Performance Audit*”, it is the opinion of the CBOC that the District is not in compliance with the California Education Code requirements for the use of some bond funds for vendors identified by the Auditors; as well as the allocations of some bond funds for covering the costs of District employees, also identified by the Auditors.

Also, the project lists in the District’s ballot measures for local school bonds are not so well-defined that the CBOC could state an opinion whether expenditures of bond funds were made in accordance with the voter-approved project lists.

² See Appendix O, “*Prop 39 Bonds in the California State Constitution*”, State Constitution Article XII A, Section 1(b)(3), for the full text of these Accountability Requirements.

Independent Review of District’s Implementation of 2016 Forensic Accounting Recommendations

Near the end of 2016, the Board approved the final report of the “2016 Forensic Accounting Investigation” (FAI).³ This report included over one hundred recommendations to reduce risk and improve organizational efficiency. In June 2017, the District reported to the Board that 56% of the recommendations were “completed.”

In October 2017, the Board approved the CBOC’s recommendation that the implementation of the FAI recommendations be reviewed by the same auditors conducting the “effectiveness and results” performance audit. This review began in November 2017. On the release date of this annual report, the auditor had not yet completed its review, which is expected in two parts. The field work for the auditor’s June 30, 2017 interim report was completed in August 2018, with a first draft scheduled for October 17, 2018. The schedule for receipt and acceptance of this interim report by the CBOC and by the Board of Education is still open. Additionally, the schedule for the auditor’s final report, upon the completion of the Implementation Task Force’s work in October 2018, has not yet been released by District staff.

Implementation of the 2016 Long Range Facility Master Plan

2017 was the first year under which the bond and facilities construction program operated under the framework of the Facilities Master Plan. There were no major updates to the plan, rather implementation under the new framework as the near-term projects on the master plan list obtained official budgets and design and contracting activities commenced. The District received high marks for the Facilities Master Plan in the 2017 Performance Audit prepared by Moss Adams.

The District and Board implemented a Design-Build contracting approach for the Wilson Elementary School replacement project. This is the first time that the District has used the Design-Build approach.



Korematsu Middle School

³ Link to the final report of the “Forensic Accounting Investigation” by Vicenti, Lloyd & Stutzman, LLP (VLS), approved by the Board of Education in September, 2016: <https://www.wccusd.net/domain/1723> Summary of events leading up to the “Forensic Accounting Investigation” can be found in the “CBOC Annual Report 2016”:
<https://www.wccusd.net/cms/lib/CA01001466/Centricity/domain/1870/cboc%20annual%20reports/CBOC%20Final%20Annual%20Report%202016.pdf>

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The Long Range Facilities Master Plan report provides an analysis and cost estimate of all remaining critical needs and replacement projects for schools in the District. Since existing and projected funds from authorized bonds and other sources are not sufficient to cover all projects on the list, the Board has needed to set priorities and there are a substantial number of projects in the master plan which remain unfunded (21 projects, estimated at \$1.1 billion).

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1. ABOUT WCCUSD's CBOC

In the State of California, the mission of a Citizens' Bond Oversight Committee (CBOC) is to oversee the proper expenditure of money for the construction, repair, and modernization of schools in accordance with California State Proposition 39, passed in the year 2000⁴.

WCCUSD's CBOC is a volunteer committee of 17 local citizens, appointed by the Board of Education, to oversee school construction using funding from the current WCCUSD local school bond measures passed under Proposition 39: D-2002, J-2005, D-2010, and E-2012.

The Committee meets publicly 11-12 times a year with facilities and bond finance staff. These include two joint meetings with the Board of Education, usually held in the spring and fall. Other activities include providing an annual report to the public on its oversight of the Prop. 39 bond construction program, receiving and reviewing financial and performance audits of the bond program, and touring construction sites.

Members of WCCUSD Citizens' Bond Oversight Committee during 2017

Executive Subcommittee, 2017

Charles Cowans, Chairperson
Stephen Purser, Vice Chairperson
Cameron "Mac" Moore, Secretary

Annual Report Subcommittee, 2017

Kathy Fleming, Chairperson
Sallie DeWitt
Gregg Visineau

Additional Members

Jon Ames
Rhem Bell
Mark Bordas
Peter Chau
Denise Gianni
Don Gosney
Auna Harris

Dennis Hicks
Leisa Johnson
Anton Jungherr
Chris Kelley
Antonio Medrano
Devin Murphy
Davis Toddhunter

See Appendix J for CBOC member background information.

⁴ See Appendix N, "References for Prop 39 Bonds", for details on the legal requirements for a CBOC.

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2017 CBOC Subcommittees

- Audit Subcommittee - CBOC standing subcommittee open to the public. Meets once monthly to review audits, financial reports and related bond program oversight issues.
- Site Visit Subcommittee - CBOC ad hoc subcommittee; meets as needed to visit bond program work-in-progress. In 2017 visited Wilson Elementary and Aspire Charter School.
- Annual Report Subcommittee - Ad hoc subcommittee to produce the CBOC's annual report. In 2017, produced the annual report for 2016.
- Website Subcommittee - Ad Hoc subcommittee to make improvements to the WCCUSD CBOC Website, as needed.
- Bylaws Subcommittee - Ad hoc subcommittee to review and update CBOC bylaws, as needed.



Pinole Valley High School - Performing Arts Building

2. CBOC ANNUAL REPORT INTRODUCTION

Report Purpose

The State of California requires Citizens' Bond Oversight Committees (CBOCs) to inform the public and taxpayers concerning bond fund expenditures and use of bond funds at least once a year⁵. This is West Contra Costa Unified School District's (WCCUSD's) CBOC Annual Report 2017, meant to inform the school community, local student families, teachers and other District staff, the Board of Education, local property owners, as well as any other interested parties.

Report Focus

This report covers actions taken and events related to WCCUSD's bond fund which took place in calendar year 2017. Historic context leading up to 2017, or significant events which took place after 2017, are included only as needed to explain and give context to actions and events in 2017.

Report Organization

1. About WCCUSD's CBOC
2. Introduction
3. Use of Bond Funds in 2017 and Bond Program Financial Status
4. District Audits & CBOC Annual Compliance Statement
5. 2016 Forensic Accounting Investigation Recommendations Implementation Status
6. 2016 Long Range Facilities Master Plan Implementation Status

Glossary of Terms

1. WCCUSD = the West Contra Costa Unified School District.
2. Board = WCCUSD Board of Education.
3. CBOC = WCCUSD Citizens' Bond Oversight Committee.
4. District = WCCUSD (West Contra Costa Unified School District).
5. FAI = "*Forensic Accounting Investigation*", effective as of September 21, 2016.
6. FMP = "*Long Range Facilities Master Plan*", effective as of June 15, 2016.
7. FY = Fiscal Year. For the District, these run from July 1 to the following June 30.

⁵ California Education Code Section 15278 (b): "The citizens' oversight committee shall advise the public as to whether a school district or community college district is in compliance with the requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution". Also, Section 15280 (b): "The citizens' oversight committee shall issue regular reports on the results of its activities. A report shall be issued at least once a year."

3. USE OF BOND FUNDS AND BOND PROGRAM FINANCIAL STATUS

Bond Fund Background

The table below shows a summary of historical WCCUSD Facilities Bonds. Please also refer to Appendix A, “WCCUSD Facilities Funding Sources”, for additional information.

Table 1 – Bonds Authorized

Bond Measures	Voter Approved		Bonds Issued					Bond Payments		
	Month Year	Amount (\$)	Latest Issue	Total Issued	Tax Rate per \$100k ⁴	Not Yet Issued	Scheduled Issues ⁵	Principal Paid	Finish Date	Interest Paid
¹ Msr 1998-E	Jun 1998	40,000,000	Jan 2001	40,000,000	\$8.70	0	0	23,535,000	Aug 2025	27,408,398
² Msr 2000-M	Nov 2000	150,000,000	Apr 2003	150,000,000	\$55.60	0	0	89,165,000	Aug 2032	84,436,101
³ Msr 2002-D	Mar 2002	300,000,000	Oct 2005	299,997,483	\$60.00	2,517	0	87,203,251	Aug 2034	108,014,922
³ Msr 2005-J	Nov 2005	400,000,000	Jun 2010	322,409,709	\$60.00	77,590,292	0	15,160,007	Aug 2036	143,740,368
³ Msr 2010-D	Jun 2010	380,000,000	Mar 2016	250,000,000	\$48.00	130,000,000	130,000,000	31,810,000	Aug 2045	42,170,785
³ Msr 2012-E	Nov 2012	360,000,000	Mar 2016	235,000,000	\$48.00	125,000,000	125,000,000	31,500,000	Aug 2045	26,510,877
Grand Totals		1,630,000,000		1,297,407,191	\$280.30	332,592,809	255,000,000	278,373,258		432,281,450

Table 1 Source : See Appendix E, “Bond Program Key Performance Indicators (KPI) Summary” (Report #1), dated October 31, 2017. The footnotes numbered 1-5 in Table 1 are in the original source document. The data for property “Tax Rate per \$100k” reported above (for County tax year 2014/2015) are updated further in Appendix D, “West Contra Costa County Property Tax Rates”.



Nystrom Elementary School

Bond Projects History

As of December 31, 2017, approximately \$1.43 billion has been spent thus far on WCCUSD school facilities projects since the bond program began in 1998. Expenditures of \$1.43 billion is covered with revenue from \$1.3 billion from bonds issued and \$220 million from other revenues (primarily California state facilities grants). For details on expenditures, see “Bond Fund Program Spending by Site” included in Appendix B. For details on revenue, see “Bond Program Key Performance Indicators Summary” (Report #1) in Appendix E.

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Since 1998 of the 53 schools in the District:

- 16 schools have been built or rebuilt
- 28 schools have been renovated

In 2017, 21 projects were conducted, with two labeled by the District as construction projects. The first one is the major ongoing facility replacement project for Pinole Valley High School. The second one is a minor project at Lake Elementary School, involving the demolition of onsite portable units. The full replacement of Lake remains an unbudgeted Master Plan project at this time, for consideration by the Board at an unspecified later date. See following chart of complete list of all bond projects during 2017.



Nystrom Elementary School



Pinole Valley High School



Valley View Elementary School

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2017 Facility Projects (See Appendix F, “*Project Status Report*”, for details)

The following is list of bond program projects in 2017 as of December 31, 2017:

School	Phase	Project	Status*
Lake Elementary	Construction	Portable Demolition	Anticipated Completion February 2018
Pinole Valley High School	Construction	New Campus	Ongoing
Korematsu Middle School	Procurement	Fall Protection Bldg. B&D	Bidding Summer 2018
Crespi Middle School	Design	Gym Seismic Retrofit	DSA Review
Wilson Elementary School	Design	Replacement	Temp Campus Conversion - DSA Review
Chavez ES	Pre-design/Planning	Critical Needs	AOR RFP, Geotechnical Investigation
Fairmont ES	Pre-design/Planning	Critical Needs	AOR RFP, Geotechnical Investigation
Harmon - Knolls	Pre-design/Planning	Soils Testing	Geotechnical Investigation
Highland ES	Pre-design/Planning	Critical Needs	Site Investigation
Olinda ES	Pre-design/Planning	Critical Needs	AOR RFP, Geotechnical Investigation
Richmond HS	Pre-design/Planning	Critical Needs	Scope Review
Riverside ES	Pre-design/Planning	Critical Needs	AOR RFP, Geotechnical Investigation
Stege ES	Pre-design/Planning	Critical Needs	AOR RFP
Harmon - Knolls	Closeout	Critical Needs...Demolition	Project Closeout & Reconciliation
Valley View ES	Closeout	Critical Needs...Demolition	Project Closeout & Reconciliation
Ohlone ES	Closeout	Critical Needs...Demolition	Project Closeout & Reconciliation
Grant ES	Closeout	Critical Needs	Project Closeout & Reconciliation
Nystrom	Closeout	Temp. Housing Removal	Project Closeout & Reconciliation
Korematsu MS	Closeout	Food Service Delivery Ramp	Project Closeout & Reconciliation
Korematsu MS	Closeout	Library Patio Decking	Project Closeout & Reconciliation
Korematsu MS	Closeout	Roof Screens @ Bldg. D	Project Closeout & Reconciliation

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*Acronyms: DSA - Division of State Architect, AOR - Architect of Record, RFP - Request for Proposal.

Summary: 2017 Bond Program Financial Analysis

- Actual Cash Balance totaled \$51.5 million at the end of calendar year 2017.
- Project expenditures in 2017 totaled \$56.4 million.
- State grants received in 2017 totaled \$6.9 million; state grants pending approval totaled \$26.8 million.
- Total Bond Program Current Budget totaled \$1,651,860,840 at year end; of this, the remaining unspent budget balance totaled \$221.7 million.

The Projected Cash Balance (as of 2021) increased during calendar year 2017 from \$78.4 million to \$86.9 million due to state grants received, projects closed out below budget and interest earned in 2017. This projection covers all to-date budgeted projects, including \$77.8 million for the Board-approved projects related to the 2016 Long Range Facility Master Plan.

Bond Sales and Local Property Taxes

Previously authorized but unissued (2010 election) Measure D and (2012 election) Measure E WCCUSD local school bonds total \$255 million. The District plans to issue these final bonds under Measures D & E according to the following schedule⁶:

	Planned FY 2018 *	Planned FY 2020	Total
2010 Measure D	\$ 65 million	\$ 65 million	\$ 130 million
2012 Measure E	\$ 60 million	\$ 65 million	\$ 125 million
Total	\$ 125 million	\$ 130 million	\$ 255 million

* On May 10, 2018, the WCCUSD issued its planned \$125 million in bonds, shown above for FY 2018.

These two issues -- \$125 million in 2018 and \$130 million in 2020 – will exhaust the District’s current near-term borrowing authority from the voters:

Issued-to-Date (Appendix A)	\$1,298 million
Deferred Issues (Appendix D)	\$77 million ⁷
To-be-Issued (see chart above)	\$255 million
Total Authorized since 1998	\$ 1,630 million

⁶ WCCUSD “*Bond Program Financial Status, Cash Projections to June-2021*”, Report 13, Note 2, shown in Appendix C.

⁷ 2005 Measure J is “maxed out” for any more near-term bond issues because current debt service is costing taxpayers the full \$60 per \$100,000 rate until Tax Year 2034/35. This is the earliest date currently projected for freeing up taxing capacity to issue part or all of the remaining \$77 million Measure J authorization. See Appendix D, “*West Contra Costa County Tax Rates*”. Measure J Authorization = \$400 million, Issued-to-Date = \$323 million, Remaining-to-Issue = \$77 million.

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Property Tax Rates

The “Tax Rate” is the annual property tax amount paid by County taxpayers, per each \$100,000 of their property’s assessed value, to pay off each local bond measure. For any given property, the “assessed value” (which is set by the County Assessor) is not necessarily the same as the “original purchase price” or the “current market value”.

For a complete table of historical (actuals) and current year property tax rates for WCCUSD school bonds, as well as projected rates, please refer to Appendix D.

Frequently Asked Questions (FAQ’s) on Tax Rates

-- Current and Historical Property Tax Rates (extracted directly from Appendix D)

1. *What is the tax rate for a property owner during the most recent West County Tax Year?*

Tax Year	1998 E	2000 M	2002 D	2005 J	2010 D	2012 E	Total
2016/17	\$5.80	\$38.60	\$60.00	\$60.00	\$48.00	\$48.00	\$260.40 ^b

Note (b): As reported in CBOC Annual Report 2017.

2. *How has this changed since the CBOC’s Annual Report 2016?*

Tax Year	1998 E	2000 M	2002 D	2005 J	2010 D	2012 E	Total
2014/15	\$8.70	\$55.60	\$60.00	\$60.00	\$48.00	\$48.00	\$280.30 ^a
2015/16	\$6.50	\$55.60	\$60.00	\$60.00	\$48.00	\$48.00	\$278.10

Note (a): As reported in CBOC Annual Report 2016.

-- Projected Property Tax Rates (extracted directly from Appendix D)

To date, the authorized amounts for 1998 Measure E, 2000 Measure M and 2002 Measure D have been 100% issued and are reflected in these projected tax rates. Although not yet fully issued, the projected tax rates for 2010 Measure D and 2012 Measure E are based on 100% issuance, as planned by the District (\$125 million in FY 2018 and \$130 million in FY 2021, above). Projected tax rates for 2005 Measure J do not include the final \$77 million still available to issue, as no schedule has been set to issue it.

3. *How are property tax rates projected to change over the next 5-years?*

Tax Year	1998 E	2000 M	2002 D	2005 J	2010 D	2012 E	Total
2017/18	\$5.30	\$18.40	\$60.00	\$60.00	\$48.00	\$48.00	\$239.70
2018/19	\$9.66	\$19.69	\$60.00	\$60.00	\$48.00	\$48.00	\$245.35
2019/20	\$9.09	\$18.74	\$63.40	\$60.00	\$48.00	\$48.00	\$247.23
2020/21	\$8.75	\$17.91	\$65.83	\$64.97	\$48.00	\$48.00	\$253.46
2021/22	\$8.43	\$17.16	\$66.43	\$77.84	\$48.00	\$48.00	\$265.86

The tax rates shaded above, forecast to exceed the statutory maximum allowable value of \$60 per \$100,000 of assessed property value, will be collected by the County Tax authorities at

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those higher tax rates. This is the property tax revenue necessary to service the annual debt payments for each of Measures 2002-D and 2005-J in those future tax years.

4. When are each of these local school bond measures projected to be fully paid off?

\$ millions	1998 E	2000 M	2002 E	2005 J	2010 D	2012 E
Authorized	\$40	\$150	\$300	\$400	\$380	\$360
Years to Maturity	7-years (2025)	14-years (2032)	16-years (2034)	18-years (2036)	42-years (2060)*	42-years (2060)*

*The maturities for Measure 2010-D and Measure 2012-E were extended from 2045 to 2060 following recent WCCUSD school bond refundings.

Further Information on School Bonds

Additional guidance about the issuance of school bonds can be found in the Little Hoover Commission February 2017 report⁸. The Little Hoover Commission is a bipartisan California state oversight agency created in 1962 to promote economy and efficiency in the transaction of public business.



Pinole Valley High School - Building E Gymnasium

⁸ Little Hoover Commission Report #236, February 2017, “*Borrowed Money: Opportunities for Stronger Bond Oversight*”, pages 14 – 15.

4. DISTRICT AUDITS AND 2017 CBOC COMPLIANCE STATEMENT

Introduction to Audits

The District is subject to two annual audits of the bond program which require oversight from the CBOC. The audits are performed by independent professional auditing firms contracted by the District according to published standards and guidelines (refer to Appendix K, “*Quick Guide to WCCUSD Fiscal Year 2017 Audits*”, for more on the audit standards and guidelines). The audits are completed no later than March 31 following the close of the District’s fiscal year, which ends on the previous June 30. Very briefly, these are characterized as follows:

① “Bond Fund Financial Audit”, by Christy White Associates⁹

This is a standard financial audit of the bond fund and is required by Prop 39.

② “Bond Program Performance Audit”, by Moss Adams LLP¹⁰

Prop 39 requires a basic performance audit to determine whether:

- Use of bond funds is restricted to construction, furnishings and equipment.
- Bond funds are spent only on Listed Projects from their ballot measures.



Pinole Valley High School

⁹ See Appendix K, “*Quick Guide to WCCUSD Fiscal Year 2017 Audits*”, for the official description of the final audit report.

¹⁰ Ibid.

2017 Compliance Opinion

West Contra Costa Unified School District Citizens' Bond Oversight Committee

General Obligation Bonds Measure D (2010) and Measure E (2012)

California Education Code Section 15278 (b) requires that: "The citizens oversight committee shall advise the public as to whether the [District] is in compliance with the [accountability] requirements of paragraph (3) of subdivision (b) of Section 1 of Article XIII A of the California Constitution".¹¹ That Compliance Opinion follows.

This is the Citizens' Bond Oversight Committee' (CBOC) 2017 Compliance Opinion as to whether the WCCUSD is in compliance with the requirements of Article XIII A, Section 1(b)(3) of the California Constitution as follows:

State Constitution [Art XIII A, Sec 1(b)(3)]	Local Bond Fund Accountability Requirements	In Compliance?
A	Bond funds are <u>Used Only For:</u> "The construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities". <u>And Not For:</u> "Any other purpose, including teacher and administrator salaries and other school operating expenses".	No (See Below)
B	"A list of the specific school facilities projects to be funded".	No (See Below)
C	"Conduct an annual, independent performance audit".	Yes
D	"Conduct an annual, independent financial audit".	Yes

Accountability Requirement A

The CBOC's opinion regarding Accountability Requirement A (above) is based on the following conclusion of Moss Adams LLP ("Moss Adams"), the firm that conducted the FY 2017 performance audit: "We [Moss Adams] conclude that, for the fiscal year (FY) ended June 30, 2017, Bond proceeds may have been expended on vendor services that were not included within the Listed Projects under Measure D (2010) and Measure E (2012) Bond language."

And: "For District labor charges to the Bond Program, we noted that the District was unable to demonstrate that these charges were accurately and completely identified as Bond Program costs with timekeeping records."¹²

¹¹ See Appendix O, "*Prop 39 Bonds in the California State Constitution*", State Constitution Article XII A, Section 1(b)(3), for the full text of these Accountability Requirements.

¹² "*Bond Program Performance Audit*", Transmittal Letter/Executive Summary.

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Accountability Requirement B

The project lists are not so well-defined that the CBOC could state an opinion whether expenditures of bond funds were made in accordance with the voter-approved project lists. Therefore, the CBOC states no opinion on whether expenditures of bond funds were made in accordance with the voter-approved project lists.

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Bond Fund Financial Audit FY 2017

The bond fund received a clean opinion from the independent financial auditor, Christy White Associates (CWA), as it has in previous years. Here is the opinion:

“In our [CWA’s] opinion, the financial statements referred to [in this Financial Audit] present fairly, in all material respects, the respective financial position of the 2010 Measure D and 2012 Measure E Bond Building Fund of West Contra Costa Unified School District as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.”

Audited Bond Fund Balance, end of FY 2017 (June 30, 2017)

The WCCUSD “bond fund balance” is \$69,401,864 as of the end of FY 2017. This is comprised of bond funds raised-to-date under authorizations from the electorate in 2010 (ballot Measure D) and 2012 (ballot Measure E), which have yet to be fully spent on facilities projects through the end of FY 2017.

Audited Net Bond Fund Expenditures, during FY 2017

This same audited WCCUSD “bond fund balance” was \$123,825,641 at the start of FY 2017 . The difference between this starting balance and the ending balance – \$54,423,777 – represents the total net bond funds spent during FY 2017 on facilities acquisition and construction:

“Statement of Revenues, Expenditures and Changes in Fund Balance”¹³	
Bond Fund Balance As of July 1, 2016	Begin Year: \$ 123,825,641
Bond Fund Balance As of June 30, 2017	End Year: \$ 69,401,864
Net Change in Fund Balance Expended in FY 2017	Difference: \$ 54,423,777

Remaining Bond Funds

At the end of FY 2017, \$255 million in authorized bonds remained to be issued for the WCCUSD “bond fund balance”: \$130 million remaining from the 2010 Measure D authorization + \$125 million remaining from the 2012 Measure E authorization. These are planned to be split, roughly 50/50, with \$125 million from D & E issued during FY 2018; and the remaining \$130 million from D & E issued during FY 2021¹⁴:

¹³ Christy White Associates, “*Bond Fund Financial Audit FY 2017*”, Financial Section, Page 6.

¹⁴ WCCUSD “*Bond Program Financial Status, Cash Projections to June-2021*”, Report 13, Note 2, shown in Appendix C. Also, Appendix A, “*WCCUSD Facilities Funding Sources*”.

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Remaining Bond Funds	2010 Measure D	2012 Measure E	Total Issue \$'s
Planned FY 2018 *	\$ 65 million	\$ 60 million	\$ 125 million
Planned FY 2021	\$ 65	\$ 65	\$ 130
3-year Total	\$ 130	\$ 125	\$ 255

* On May 10, 2018, the WCCUSD issued its planned \$125 million in bonds, shown above for FY 2018.

Bond Program Performance Audit FY 2017¹⁵

Upon the recommendation of the CBOC and subsequent approval by the Board, Moss Adams LLP conducted a Fiscal Year 2017 (June 30, 2017) Government Auditing Standards performance audit for Proposition 39 compliance and program effectiveness and results.

Background: For Fiscal Year 2014 through 2016 Vavrinek, Trine, Day & Company, LLP (VTD) conducted compliance only performance audits. VTD did not conduct program effectiveness and results performance audits during these three fiscal years.

During Fiscal Years 2014 and 2015, VTD also produced two successive Agreed-Upon Procedures Reports in accordance with Government Auditing Standards. The District assumed responsibility for the sufficiency of these procedures, adding "... the auditor does not express an opinion or conclusion, but only reports on agreed upon procedures in the form of procedures and findings related to the specific procedures applied."

See Appendix R for a detailed listing of the performance audits and agree-upon procedure reports for the seventeen (17) fiscal years 2003 to 2019 including auditor's name, type of report, cost and number of pages.

Summary of FY 2017 Performance Audit Results

Key metrics from the report are summarized below:

FY 2017 Performance Audit	Audit Objectives	Improvement Recommendations
Prop 39 Compliance Audit	1	2
Effectiveness & Results Audit	22	
No Exceptions Taken **	6	
Subject to Improvement	16	16
Total	23	18

** "No Exceptions Taken" means there were no Observations made of this Objective during the audit which resulted in an Improvement Recommendation from the Auditor.

¹⁵ The full "Bond Program Performance Audit FY 2017" report prepared by Moss Adams is posted on the District's website.

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Refer to Appendix L, "*Fiscal Year 2017 Effectiveness and Results Performance Audit*", for a detailed listing of all 23 Audit Objectives and all 18 Improvement Recommendations summarized in the table above.

When Moss Adams presented their results to the Board and the CBOC at their joint meeting on March 14, 2018, they noted that a high number of Improvement Recommendations is not unusual for a school district's first "effectiveness and results" performance audit. They added that, ideally, such an audit should be done near the beginning of a bond program. As improvements in standard operating procedures are implemented, bond program management improves and fewer recommendations come out of subsequent performance audits.

Within the final audit report issued by Moss Adams and accepted by the Board on March 21, 2018, the District acknowledged and committed to resolving the "*Bond Program Performance Audit*" Improvement Recommendations no later than June 2018 (except for "Transparency of Bond Program", which it committed to resolve no later than October 2018). Please refer to the Moss Adams final audit report, Section IV, pages 24 - 27, "Reporting Views of Responsible Officials", for the District's official response to these Improvement Recommendations.

The CBOC has no further information at this time as to how these Improvement Recommendations have been resolved by the District.



Harmon Knolls Demolition

Basic Compliance

The performance auditor provided the following opinion for the basic performance audit aspect required under Prop 39:

"We [Moss Adams] conclude that, for the fiscal year (FY) ended June 30, 2017, Bond proceeds may have been expended on vendor services that were not included within the Listed Projects under Measure D (2010) and Measure E (2012) Bond language. For District labor charges to the Bond Program, we noted

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that the District was unable to demonstrate that these charges were accurately and completely identified as Bond Program costs”.¹⁶

For these two findings, the report’s “Improvement Recommendations” are, respectively:

“The District should consult with its legal counsel to determine if costs incurred for School Facility Consultants is allowable under the terms of the Bond measure language. Results of this consultation should be reported to the appropriate personnel (i.e., relevant District management, the Board, and CBOC) to ensure transparency and remediation take place, as necessary”.¹⁷

“The District should implement processes and controls needed to provide supporting documentation to validate the applicability and accuracy of labor charged to the Bond Program”.¹⁸

SUMMARY

- The District received a clean “*Bond Fund Financial Audit*” (i.e., free of negative findings) of its FY 2017 financial statements for the bond fund.
- The District received two exceptions to its basic “Proposition 39 Compliance” performance audit of the bond fund.
- The District’s FY 2017 “effectiveness and results” performance audit is now the baseline for measuring future improvements in bond program management. There are 16 “Improvement Recommendations” from the 22 Audit Objectives for the “effectiveness and results” piece of the performance audit.
- In the performance audit report, the District received high marks for its “Long Range Facilities Master Plan”, “Materials and Product Specifications”, “Dispute Resolution”, and “Change Order Management”. 6 of the 22 Audit Objectives for the “effectiveness and results” piece of the performance audit had “No Exception Taken”, meaning that there were no “Improvement Recommendations” from the Auditor.
- The District has committed to resolve all 18 of the “Improvement Recommendations” from the FY 2017 “*Bond Program Performance Audit*” by the end of FY 2018 (June 30, 2018). The CBOC has no further information at this time as to how these Improvement Recommendations have been resolved by the District.

¹⁶ Moss Adams LLP “*Bond Program Performance Audit*”, Transmittal Letter/Executive Summary.

¹⁷ Ibid, Page 8.

¹⁸ Ibid, Page 8.

5. 2016 FORENSIC ACCOUNTING INVESTIGATION RECOMMENDATIONS IMPLEMENTATION STATUS

Background

In 2015, the Board of Education directed the forensic accounting firm Vincenti, Lloyd & Stutzman, LLP (“VLS”)¹⁹ to assess the risk of fraud, corruption and waste in the bond program as a result of allegations made by a District employee.²⁰

On September 21, 2016, the Board approved VLS’s final report of the “*Forensic Accounting Investigation*”.²¹ The CBOC summarized VLS’s findings in the CBOC Annual Report 2016.²²

In their final report, VLS made 112 recommendations to reduce risk related to 65 allegations, and to improve organizational efficiency.²³ In October 2016, one month after approving VLS’s final report and accepting their recommendations, the Board established a Forensic Accounting Investigation (FAI) Recommendations Implementation Task Force (ITF) to track the District’s progress and report status to the Board periodically. The task force is led by District Superintendent Matthew Duffy, backed by Associate Superintendent in charge of Operations and the Bond Program, Lisa LeBlanc, and two or three additional District managers. A representative of the employees’ union and a CBOC member liaison also attend task force meetings. The District committed to implementation of the recommendations over the next two years, to be completed by October 2018.

In 2017, the ITF established a process, complete with a road map available to the general public, to ensure and gauge the success and long-term sustainability of the implementation of VLS’ recommendations.

¹⁹ For future reference: Vicenti, Lloyd & Stutzman, LLP was merged into CliftonLarsonAllen LLP, effective June 1, 2017.

²⁰ The “*CBOC Annual Report 2015*”, released in June 2016, is especially comprehensive concerning key events leading up to calendar year 2016.

²¹ Link to the final report of the “*Forensic Accounting Investigation*” by Vincenti, Lloyd & Stutzman, LLP (VLS), approved by the Board of Education in September, 2016:

<https://www.wccusd.net/domain/1723>

²² Link to the “*CBOC Annual Report 2016*”:

<https://www.wccusd.net/cms/lib/CA01001466/Centricity/domain/1870/cboc%20annual%20reports/CBOC%20Final%20Annual%20Report%202016.pdf>

²³ Ibid., All recommendations listed in VLS’ final report are in Sections II C and IV C. Highest risk allegations and associated recommendations are shown in the “*CBOC Annual Report 2016*”, Appendix F thereto.

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The Task Force scheduled quarterly updates in 2017, for the Board of Education’s Facilities Subcommittee (the FSC) during January, April, July and October. Two reports were given to the full Board of Education in February and November 2017.²⁴

Progress to Date on All Recommendations

Status	Recommendations Completed as of January 2017	Recommendations Completed as of February 2017	Recommendations Completed as of March 2017	Recommendations Completed as of June 2017	Recommendations Completed as of November 2017
Implemented	36	39	54	63	70
Under Review / In Process	71	68	53	44	38
For Future Implementation	5	5	5	5	4
Total	112	112	112	112	112
Percentage Complete	32%	34%	48%	56%	63%

Note: Once a recommendation is implemented, the status will be labeled “implemented”. Many recommendations require ongoing implementation to ensure continuation of best practices.

CBOC 2017 Recommendation Related to the Forensic Accounting Investigation

In 2017, the CBOC recommended to the Board that Moss Adams be engaged to review the implementation of the 112 “*Forensic Accounting Investigation*” recommendations. This CBOC recommendation was approved by the Board of Education on October 17, 2017.²⁵

Moss Adams’ review of all 112 VLS recommendations will have two parts. The first covers recommendations marked by the District as “completed” as of June 2017. That month, the ITF reported 56% of the FAI recommendations “completed” (see chart above). On the release date of this annual report, Moss Adams’ first report is scheduled for completion in September, 2018. The second part of Moss Adams’ review will be done when all VLS recommendations are marked “completed” by the District. The District’s most recent projected timeframe to complete all 112 FAI Recommendations is October, 2018. Moss Adams’ final review of this work is expected in early 2019.

²⁴ See Appendix Q, “*WCCUSD Reports Related to Forensic Accounting Investigation Recommendation Implementation*”, for links and other references to ITF reports made in 2017 to the Facility Subcommittee and Board.

²⁵ See the Implementation Task Force’s report to the WCCUSD Facilities Subcommittee, July 18, 2017, agenda Discussion Item D.4, “*Implementation of Long range Facilities Master Plan Update*”.

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SUMMARY

- In 2017, the Implementation Task Force (the ITF) reported status of the implementation of recommendations included in the “*Forensic Accounting Investigation*” to the Board on two occasions, and to the Board’s Facilities Subcommittee on four occasions.
- As of June 2017, the District stated that 56% of the recommendations had been implemented.
- In October 2017, the Board accepted the CBOC’s recommendation to engage Moss Adams to review the District’s implementation of the FAI recommendations. This review will be done in two parts, starting with the recommendations completed by June 2017.
- The field work for the auditor’s June 30, 2017 interim report was completed in August 2018, with a first draft scheduled for October 17, 2018. The schedule for receipt and acceptance of this interim report by the CBOC and by the Board of Education is still open. Additionally, the schedule for the auditor’s final report, upon the completion of the Implementation Task Force’s work in October 2018, has not yet been released by District staff.

6. 2016 LONG RANGE FACILITIES MASTER PLAN IMPLEMENTATION STATUS

Background

The Facilities Master Plan is a key set of documents for the District, representing its main statement of strategy for school facility upgrades and replacements over the next 5-years and beyond. It is comprised of the following:

- The “*Long Range Facilities Master Plan, July 2016*”, prepared by Darden Architects and by Integrated Educational Planning & Programming, which was approved by the Board of Education at its meeting on June 15, 2016.
- The WCCUSD “*Educational Specifications*” and “*Materials and Product Standards*” – which were still in draft form as of the Board’s meeting on June 15, 2016 – were subsequently finalized and then approved by the Board of Education at its meeting on April 12, 2017. Both were also prepared by Darden Architects and Integrated Educational Planning & Programming.

The “*Long Range Facilities Master Plan*”, the “*Educational Specifications*” and the “*Materials and Product Standards*” are hereafter collectively referred to as the Facilities Master Plan.

Implementing the Facilities Master Plan

For the previous reporting period (Calendar Year 2016), the Board of Education approved a suite of 21 projects for implementation, with cost estimates attached to them, but without official budgets.²⁶ These are captured in columns (1), (2) and (3) in the table below. For this reporting period (Calendar Year 2017), the key highlights from implementing the Facilities Master Plan to-date are:

- Budgeted Projects: 14 of the 21 Facilities Master Plan projects, previously approved by the Board for implementation, now have official Board-approved budgets. Refer to the “Board-approved Budget”, column (6). These total \$77.8 million of the \$182.2 million currently estimated for all 21 projects, columns (4) and (5).
- Activated Projects: All 14 of those budgeted projects have now been activated and are in various stages of completion – Design/Plan, Closing or Completed – as highlighted under “Status”, column (7).
- Design-Build Project: The Board-approved a “design-build” contract for the Wilson Elementary School replacement project, described later in this section.

²⁶ See the “*CBOC Annual Report 2016*”, Appendix C thereto, “*Board-Approved Master Plan Projects*”, Page 33. See also the original source document, “*Long Range Facilities Master Plan, July 2016*”, Page 108.

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Board-Approved "Implementation Plan Projects": R.O.M. Cost Estimates, Budgeted and Unbudgeted (Future) Projects						
School (1)	Project Type (2)	R.O.M. Cost Estimate * (\$ millions) (3)	Board-approved Adjustments (4)	Revised R.O.M. Cost Estimate ** (5) = (3) + (4)	Board-approved Budget (6)	Status (7)
Ed Specs & School Sizing		\$ 0.2		\$ 0.2	\$ 0.2	Completed
Harmon Knolls ES	Soils Testing	0.1		0.1	0.1	Completed
Valley View ES	Critical Needs	1.0	\$ 0.15	1.15	1.15	Completed
Crespi MS	Critical Needs	3.1		3.1	3.1	Design/Plan
Riverside ES	Critical Needs	6.9		6.9	6.9	Design/Plan
Richmond HS	Critical Needs	15.1		15.1	15.1	Design/Plan
Kennedy HS	Critical Needs	12.2		12.2	--	Future Project
Highland ES	Critical Needs	0.8		0.8	0.8	Closing
Grant ES	Critical Needs	0.9		0.9	0.9	Closing
Olinda ES	Critical Needs	1.0		1.0	1.0	Design/Plan
Chavez ES	Critical Needs	0.6		0.6	0.6	Design/Plan
Ohlone ES	Critical Needs	0.8		0.8	0.8	Closing
Harmon Knolls ES	Critical Needs	0.2	0.25	0.45	0.45	Closing
Fairmont ES	Critical Needs	3.0		3.0	3.0	Design/Plan
Steger ES	Critical Needs	2.9		2.9	2.9	Design/Plan
Cameron *	Critical Needs	1.3		1.3	--	Future Project
Hercules MS	Critical Needs	7.5		7.5	--	Future Project
Hercules HS	Critical Needs	7.2		7.2	--	Future Project
Collins ES	Critical Needs	3.5		3.5	--	Future Project
Shannon ES	Critical Needs	7.1		7.1	--	Future Project
Wilson ES	Replacement	40.3		40.3	40.3	Design/Plan
Lake ES	Critical Needs	n.a.	0.5	0.5	0.5	Closing
Lake ES	Replacement	66.1	-0.5	65.6	--	Future Project
Total		\$ 181.8	\$ 0.4	\$ 182.2	\$ 77.8	Board-approved Budget
Remainder = \$104.4 Unbudgeted (Future) Projects						

ES = Elementary School; MS = Middle School; HS = High School.

* Note that Cameron School is the WCCUSD's "Early Intervention Program (EIP)" school.

** Rough Order of Magnitude (R.O.M.) Cost Estimates: As clarified between the District and the CBOC [subsequent to the approval of the Facilities Master Plan], R.O.M.'s are defined as follows:

"Five percent inflation has been applied from mid-2016 to the scheduled midpoint of construction, compounded yearly, to account for inflation. These "Rough Order of Magnitude" (R.O.M.) cost estimates, which are based on general cost per square foot, do not include market-based contract escalation (if any) above 5% annual inflation.

"Additionally, the cost of temporary housing has been included where it was known to be required at the time of the Master Plan (e.g., at Lake Elementary). It has not been included where it was not anticipated prior to the release of the Master Plan (e.g., at Wilson Elementary).

"Note that further Architectural and Engineering studies are required, including scoping and budgeting, for all Critical Needs."

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Facilities Master Plan Status Report for 2017

During its first full year of implementation, the WCCUSD’s 2016 Facilities Master Plan unfolded as follows:

- Budget Revisions: \$400,000 (net²⁷) was added to the original estimate of \$181.8 million, bringing the revised estimate for the Board-approved “Implementation Plan Projects” to \$182.2 million. Refer to columns (4) and (5) in the table above.
- Budgeted Projects: During its first full year of implementation, the Board approved budgets totaling \$77.8 million for some of those “Implementation Plan Projects”. Individual project data is in the table above. This amount is split approximately 50/50% between Critical Needs projects (\$37.5 million) and the Wilson Elementary School Replacement project (\$40.3 million). See the left side of the table below for summary data.
- Budgets v Estimates: Aside from the \$400,000 net adjustments reported above, all of the budget figures submitted to the Board for approval were the original R.O.M. Cost Estimates from the 2016 Facilities Master Plan.
- Unbudgeted (Future) Projects: \$104.4 million of Future Projects are still-to-be budgeted by the District and those budgets need to be approved by the Board to move ahead. Individual project data is in the table above. This amount is split 37/63% between Critical Needs projects (\$38.8 million) and the Lake Elementary School Replacement project (\$65.6 million). See the right side of the table below for summary data.

BUDGETED vs. UNBUDGETED Board-Approved “Implementation Plan Projects”					
<i>Board-Approved Budgets (\$ millions)</i>			<i>Unbudgeted (Future) Projects (\$ millions)</i>		
<u>Critical Needs</u>	<u>Replacements</u>	<u>Total</u>	<u>Critical Needs</u>	<u>Replacements</u>	<u>Total</u>
\$ 37.5	\$ 40.3 *	\$ 77.8	\$ 38.8	\$ 65.6 **	\$ 104.4
48%	52%	100%	37%	63%	100%

* Wilson Elementary School

** Lake Elementary School

The “*Long Range Facilities Master Plan*”, July 2016, provided an evaluation and cost estimate of all remaining critical needs and school replacement projects in the District over the long-term. Since the full cost estimate of \$1,302.1 million exceeds the current fund cash balance plus future cash flow from authorized bond issuance and identified state funding, the Board has prioritized the projects into three categories. At the end of 2017, these are broken out as follows: Budgeted Projects underway or completed (totaling \$77.8 million); Unbudgeted (but Board-approved for implementation) Future Projects (totaling \$104.4 million); and Unfunded Master Plan Projects beyond the current 5-year planning horizon (totaling \$1,119.9 million). The first two categories are targeted to be funded from existing cash, authorized bond issuances, and identified state funding, while the Unfunded Master Plan Projects will require future bond measures.

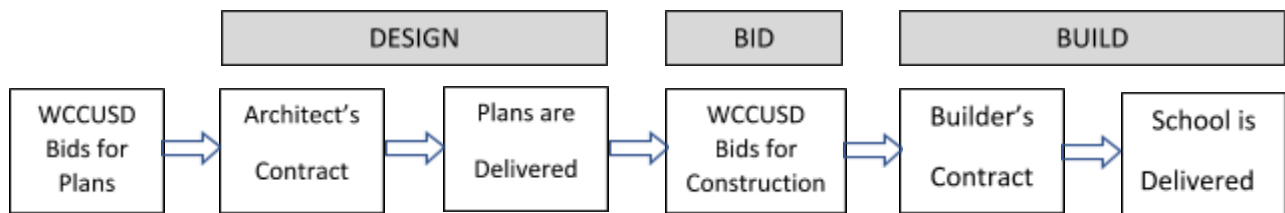
²⁷ \$150,000 was added to the Critical Needs budget for Valley View ES; \$250,000 was added to the Critical Needs budget for Harmon Knolls ES; and \$500,000 was moved from the Replacement School project budget into the Critical Needs budget at Lake ES. NET Change = + \$400,000, as detailed in the table on the preceding page.

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Board-Approved Implementation Plan Projects:	\$ 182.2 million	14%
Budgeted Projects:	\$ 77.8 million	
Unbudgeted (Future) Projects:	\$104.4 million	
<u>Unfunded Master Plan Projects:</u>	<u>\$1,119.9 million²⁸</u>	<u>86%</u>
Grand Total Estimated Costs:	\$1,302.1 million²⁹	100%

Design-Build and Wilson Elementary School

DESIGN-BID-BUILD: There are as many ways to contract for physical assets (like school facilities) as there are parties to the contracts and financing options available to them. For many school projects, the traditional way of contracting is called “design-bid-build”:



The Owner (the District) bids for plans and contracts with an Architect to do the project design work, who delivers plans to the District per the Architect’s Contract.

The District then bids and contracts separately with a Construction firm to build a school (per the Architect’s plans), who delivers a finished project – the school – per the Builder’s Contract.

Any contract changes (or disputes arising from change orders) during the design phase can be handled directly between the District and the Architect under the Architect’s Contract.

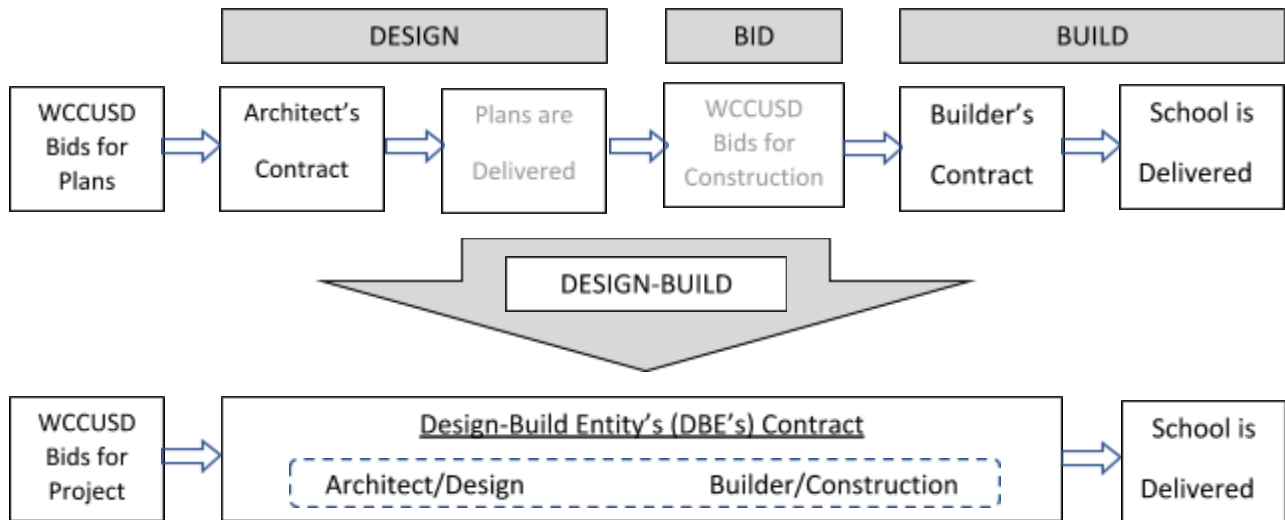
However, any contract changes (or disputes arising from change orders) during the construction phase may lead to contentious and time-consuming “three-way” negotiations between the District, the Architect and the Builder. Claims may arise if there is no agreement as to the parties responsible for causing and for correcting the change.

DESIGN-BUILD: “Design-build” is a contracting arrangement by which the Owner (the District) bids an entire project – e.g., the design plus the construction of a new school – to a single “Design-Build Entity” (a DBE). The DBE can be a fully integrated company – think Boeing for airplanes or General Electric for power plants or Mitsubishi for ships – or a looser combination of an existing design (architectural) firm and an existing construction firm.

²⁸ See Appendix G, “Unfunded Master Plan Projects”. See also the “CBOC Annual Report 2016”, Appendix E thereto, “Unfunded Master Plan Projects”, Page 35. See also the original source document, “Long Range Facilities Master Plan, July 2016”, Page 109.

²⁹ “Long Range Facilities Master Plan, July 2016”, Page 109.

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This means one less contract to administer for the District, since the separate Architect's and Builder's Contracts under a "design-bid-build" arrangement are superseded by a single contract with the "design-build" entity.

And because of one less contract, the change order and dispute resolution processes are meant to be simplified, with issues between Architects and Builders largely held internally within the DBE.

Wilson Elementary School Replacement

Following the approval of the "Educational Specifications" and "Materials and Product Standards" by the Board on April 12, 2017, the Board also endorsed approaching the marketplace on a "design-build" basis for the replacement of Wilson Elementary School ("ES").

Design-Build is an alternate contracting method to the traditional Design-Bid-Build contract approach the District has used in the past. Widely used in the construction industry, Design-Build has potential advantages including greater flexibility, reduced project timeline, and reduction in potential disputes and change orders.

The District engaged the marketplace during the Summer and Fall of 2017 to qualify and interview prospective DBE's; to request proposals for Wilson ES and interview the shortlisted DBE's; to involve the WCCUSD Facilities Subcommittee, Wilson ES staff and the Wilson community; and to negotiate contract terms & conditions for the project.

The District concluded a contract with C Overaa & Co as its first DBE partner for a "design-build" project: The replacement of Wilson Elementary School. The design-build contract for \$35.1 million was negotiated by the District during 2h2017 and was approved by the Board at its meeting on January 3, 2018.³⁰

³⁰ "Wilson Elementary School Replacement Project, Design & Construction Services", Powerpoint presentation by the District to the Board of Education on January 3, 2018.

SUMMARY

2017 was the first year under which the bond and facilities construction program operated under the framework of the Facilities Master Plan. There were no major updates to the plan; rather, there was implementation activity under the new framework as the near-term projects on the master plan list obtained official budgets and design and contracting activities commenced. The District received high marks for the Facilities Master Plan in the 2017 Performance Audit prepared by Moss Adams.

The District and Board implemented a Design-Build contracting approach for the Wilson Elementary School replacement project. This is the first time that the District has used the Design-Build approach.

The Long Range Facilities Master Plan report provides an analysis and cost estimate of all remaining critical needs and replacement projects for schools in the District. Since existing and projected funds from authorized bonds and other sources are not sufficient to cover all projects on the list, the Board has needed to set priorities and there are a substantial number of projects in the master plan which remain unfunded (21 projects, estimated at \$1.1 billion).

APPENDICES

APPENDIX A: WCCUSD Facilities Funding Sources

Source: WCCUSD/CBOC “Bond Program KPI (Key Performance Indicator) Summary”, Report 1, Table 1 – Bonds Authorized, shown in Appendix E. “Tax Rates” are for County tax year 2016/2017, from Appendix D.

Bond Measure	Month, Year	Authorized Amt	Issued-to-Date	Remaining Amt	Tax Rate ^{Note 1}
1998 – E	June, 1998	\$ 40 million	\$ 40 million	--	\$5.80 / year
2000 – M	November, 2000	\$ 150 million	\$ 150 million	--	\$ 38.60 / year
2002 – D *	March, 2002	\$ 300 million	\$ 300 million	--	\$ 60 / year
2005 – J *	November, 2005	\$ 400 million	\$ 323 million	\$ 77 million ^{Note 4}	\$ 60 / year
2010 – D *	June, 2010	\$ 380 million	\$ 250 million	\$ 130 million	\$ 48 / year
2012 - E *	November, 2012	\$ 360 million	\$ 235 million	\$ 125 million	\$ 48 / year
Current Local Bond Fund Totals		\$ 1,630 million	\$ 1,298 million	\$ 255 million**	\$ 260.40 / year
Pending: California State School Facility Fund		\$ 27 million (See Note 2 below)	--	\$ 27 million	State Bond
Received: California State School Facility Fund		\$ 173 million received-to-date	\$ 173 million (See Note 3 below)	--	State Bond
Total Local + State Bond Funding		\$ 1,830 million	\$ 1,471 million	\$ 282 million**	n.a.

* WCCUSD local school bond measures passed under California Proposition 39 requirements.

**Excludes \$77 million in outstanding 2005-J authorization; see Note 4.

Projected Issue Dates for “Remaining Amount” (shown above)

Source: WCCUSD “Bond Program Financial Status, Cash Projections to June-2021”, Report 13, Note 2, shown in Appendix C.

Bond Measure	2018 Issue *	2020 Issue	Future Issue (See Note 4 below)	Total
2010 – D	\$ 65 million	\$ 65 million	--	\$ 130 million
2012 - E	\$ 60 million	\$ 65 million	--	\$ 125 million
Sub-Totals	\$ 125 million	\$ 130 million	--	\$ 255 million**
2005 – J	--	--	\$ 77 million	\$ 77 million
Totals	\$ 125 million	\$ 130 million	\$ 77 million	\$ 332 million

* On May 10, 2018, the WCCUSD issued its planned \$125 million in bonds, shown above for FY 2018.

**Excludes \$77 million in outstanding 2005-J authorization; see Note 4.

Note 1 Tax Rate: The “Tax Rate” is the annual property tax amount paid by County taxpayers, per each \$100,000 of their property’s assessed value, to pay off each local bond measure. For any given property, the “assessed value” (which is set by the County Assessor) is not necessarily the same as the “original purchase price” or the “current market value”.

Note 2 State Pending: Source: WCCUSD/CBOC “Bond Program Financial Status, Cash Projections to June-2021”, Report #13, Note 4, shown in Appendix C.

Note 3 State Received: Source: WCCUSD/CBOC “Bond Program KPI (Key Performance Indicator) Summary”, Report #1, shown in Appendix E. See especially note 13. “Total Other

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Revenue by bond or funding source, particularly the line item titled “School Facility” = \$172,884,115.

For further details behind that data, please also see from the same resource: Table 2 – Funds from Other Sources, with particular reference to note 6. “*School Facilities*”, note 8. “*Interest Earnings*” and note 9. “*Net Transfers*”.

Note 4 2005 Measure J: “On issuing bonds, the District must certify that the tax rate for the bonds will not exceed \$60 per \$100 thousand of property value. In addition, the District has a publicly stated goal for the 2010 – D and 2012 – E bonds of maintaining the tax rate at \$48 per \$100 thousand”. [Source: WCCUSD/CBOC “*Bond Program KPI (Key Performance Indicator Summary)*”, Report #1, Table 1, Note 4].

As a result, the remaining \$77 million from the 2005 Measure J bond authorization cannot currently be issued: The property tax rate for it is already maxed out at \$60 per \$100 thousand of assessed value to pay off the \$323 million in 2005 Measure J bonds which has been issued-to-date.

According to the most recent forecast of property tax rates required to service the \$323 million of Measure J bonds currently outstanding, the earliest that the tax rate will drop below \$60 per \$100 thousand of assessed value is Tax Year 2034/2035. [Source: “*2017 General Obligation Refunding Bond & Tax Rate Management*”, KNN Public Finance (the District’s Bond Advisor), presentation to the Board’s Facilities Subcommittee, July 18, 2017]. Please also refer to Appendix D, “*West Contra Costa County Property Tax Rates*”.

WCCUSD CBOC Annual Report 2017

APPENDIX B: WCCUSD Bond Program Spending by Site (Report #2)



West Contra Costa Unified School District
Spending by Site
December 31, 2017

Report # 2

Schools	Original Budget	Current Budget	Actuals	Committed	Balance
Historic Projects					
Elementary Schools	438,263,142	570,756,713	563,231,010	354,011	7,171,692
Bayview	17,732,392	19,850,802	19,850,802	0	0
Chavez	1,339,784	985,387	985,387	0	(0)
Collins	993,294	1,638,871	1,638,871	0	0
Coronado	11,278,047	43,022,627	43,022,627	0	0
Dover	13,070,243	35,095,267	35,095,267	0	0
Downer	28,819,079	33,415,902	33,415,902	0	(0)
Ellerhorst	11,238,341	13,931,806	13,931,806	0	(0)
Faimont	10,971,356	3,864,259	3,864,259	0	0
Ford	11,839,322	30,817,526	30,817,526	0	(0)
Grant	1,409,800	1,944,098	1,944,098	0	(0)
Hanna Ranch	880,923	783,349	783,349	0	(0)
Harding	15,574,211	22,632,446	22,632,446	0	0
Highland	13,504,714	1,879,839	1,879,839	0	(0)
Kensington	16,397,920	19,343,892	19,343,892	0	(0)
King	16,888,732	25,342,166	25,342,166	0	0
Lake	822,657	1,500,322	1,500,322	0	(0)
Lincoln	15,225,821	17,676,561	17,676,561	0	1
Lupine Hills	16,111,242	15,395,678	15,395,678	0	(0)
Madera	11,088,764	12,233,801	12,233,801	0	(0)
Mira Vista	13,928,364	16,651,130	16,651,130	0	(0)
Montalvin	15,904,716	17,041,028	16,790,955	0	250,073
Murphy	13,554,495	15,619,655	15,619,655	0	(0)
Nystrom	20,999,890	51,488,844	45,458,621	354,011	5,674,212
Ohlone	14,174,928	34,318,195	33,888,867	0	449,329
Olinda	1,170,596	1,286,942	1,286,942	0	0
Peres	19,752,789	21,424,293	21,424,293	0	0
Riverside	13,439,831	14,611,005	14,611,005	0	(0)
Shannon	1,157,736	1,555,163	1,555,163	0	0
Sheldon	14,968,745	15,102,837	15,102,837	0	(0)
Stege	13,000,749	3,445,885	3,445,885	0	0
Stewart	12,710,427	16,737,037	16,737,037	0	(0)
Tara Hills	14,160,935	14,975,067	14,975,067	0	(0)
Valley View	11,117,405	9,828,993	9,130,915	0	798,078
Verde	15,709,890	16,065,870	16,065,870	0	0
Washington	14,051,720	15,322,847	15,322,847	0	(0)
Wilson	13,673,885	3,829,324	3,829,324	0	(0)
High Schools	559,145,352	641,964,758	520,603,534	86,209,041	35,152,182
De Anza HS	105,389,888	132,236,248	132,236,248	0	0
El Cerrito HS	93,805,815	146,901,050	146,843,949	21,401	35,699
Greenwood Academy	35,315,772	79,578,282	79,578,282	0	0
Hercules HS	12,803,343	3,295,019	3,295,019	0	(0)
Kennedy HS	89,903,130	33,854,982	33,854,981	0	0
Pinole Valley HS	124,040,286	216,548,580	95,931,099	86,187,640	34,430,841
Richmond HS	94,720,910	22,307,728	21,622,087	0	685,641

WCCUSD CBOC Annual Report 2017



West Contra Costa Unified School District Spending by Site December 31, 2017

Report # 2

Schools	Original Budget	Current Budget	Actuals	Committed	Balance
Vista HS	3,566,208	7,241,868	7,241,868	0	(0)
Middle Schools	139,928,488	215,830,602	214,958,601	238,162	633,839
Crespi MS	1,205,711	1,245,896	1,245,896	0	(0)
DeJean MS	64,929	381,209	381,209	0	(0)
Helms MS	61,287,986	83,432,888	83,432,888	0	0
Hercules MS	602,982	699,000	699,000	0	(0)
Pinole MS	38,828,979	56,689,430	56,689,430	0	0
Korematsu MS	37,937,901	73,382,179	72,510,178	238,162	633,839
Closed Schools/Programs	14,155,404	3,461,930	3,461,930	0	0
Adams MS	703,660	691,211	691,211	0	0
Cameron	284,012	122,195	122,195	0	(0)
Castro	11,901,504	620,944	620,944	0	0
Delta NSS DeAnza	152,564	152,226	152,226	0	0
El Sobrante	187,343	536,231	536,231	0	(0)
Harbour Way Com Day	121,639	121,944	121,944	0	0
Kappa NSS Kennedy	109,809	109,831	109,831	0	0
North Campus	169,849	205,450	205,450	0	(0)
Omega NSS Richmond	117,742	118,313	118,313	0	(0)
Seaview	178,534	499,116	499,116	0	0
Sigma NSS PVHS	110,728	110,949	110,949	0	0
Trans Learning Center	118,020	116,673	116,673	0	0
West Hercules ES		56,847	56,847	0	0
Administration/Other	110,861,862	142,246,837	125,982,647	1,866,313	14,397,877
2012E Technology	35,000,000	35,000,000	31,836,240	0	3,163,760
Central	67,713,312	102,831,633	89,731,204	1,866,313	11,234,117
Richmond College Prep	8,148,550	4,415,204	4,415,204	0	0
Historic Projects Total	1,262,354,248	1,574,260,840	1,428,237,722	88,667,527	57,355,590
2016 Master Plan					
Elementary Schools	58,700,000	58,850,000	1,431,281	1,012,603	56,406,117
Chavez	600,000	600,000	0	7,100	592,900
Fairmont	3,000,000	3,000,000	0	0	3,000,000
Grant	900,000	900,000	187,541	23,736	688,723
Highland	800,000	800,000	2,750	2,000	795,250
Lake	500,000	500,000	0	154,491	345,509
Ohlone	800,000	800,000	421,469	152,091	226,440
Olinda	1,000,000	1,000,000	0	8,500	991,500
Riverside	6,900,000	6,900,000	0	44,000	6,856,000
Stege	2,900,000	2,900,000	0	0	2,900,000
Valley View	1,000,000	1,150,000	461,617	574,229	114,154
Wilson	40,300,000	40,300,000	357,904	46,455	39,895,641
High Schools	15,100,000	15,100,000	9,579	11,946	15,078,475
Richmond HS	15,100,000	15,100,000	9,579	11,946	15,078,475

WCCUSD CBOC Annual Report 2017



West Contra Costa Unified School District Spending by Site December 31, 2017

Report # 2

Schools	Original Budget	Current Budget	Actuals	Committed	Balance
Middle Schools	3,100,000	3,100,000	310,361	118,914	2,670,725
Crespi MS	3,100,000	3,100,000	310,361	118,914	2,670,725
Closed Schools/Programs	300,000	550,000	286,931	120,167	142,902
Harmon Knolls	300,000	550,000	286,931	120,167	142,902
2016 Master Plan Total	77,200,000	77,600,000	2,038,151	1,263,630	74,298,219
Grand Total	1,339,554,248	1,651,860,840	1,430,275,874	89,931,158	131,653,809

APPENDIX C: Bond Program Financial Status (Report #13)

Bond Program Financial Status at the START of 2017



West Contra Costa Unified School District
Bond Program Financial Status
As of December 31, 2016

Report #13

Cash Projection to June-2021

		<u>Notes</u>
<u>Adjusted Cash Balance</u>	\$100,359,942	1
Projected Revenues		
Bond Sales 2010 Measure D	130,000,000	2
Bond Sales 2012 Measure E	125,000,000	2
Less: Cost of Issuance	(1,000,000)	2
Other Revenues	<u>3,024,000</u>	2
	257,024,000	
Projected Available Funds	<u>\$357,383,942</u>	
<u>Budgeted and Projected Expenses</u>		
Committed Costs	134,050,485	3
Budget Balance	<u>144,936,112</u>	3
	<u>278,986,597</u>	
Projected Cash Balance June 2021	<u>\$78,397,348</u>	

Items Pending State Approval

State Facility Grants Estimated Funding	\$ 33,678,384	4
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Items Pending Board Approval

Future Facilities Master Plan Projects	\$104,400,000	5
2022-2023 Estimated Central Cost	\$ 8,070,000	6
2022-2023 Estimated Other Revenue	\$ 1,008,000	2

WCCUSD CBOC Annual Report 2017



West Contra Costa Unified School District Bond Program Financial Status As of December 31, 2016

Report #13

Note 1 Adjusted Cash Balance

Description	Amount	Comment
Cash & Equivalents Building Fund 21	\$100,867,092	A
Cash & Equivalents County School Facilities Fund 35	1,454	B
Cash with Fiscal Agent (contract retentions)	7,776,293	C
Accounts Receivable	0	
Accounts Payable	(19)	D
Contract Retention	<u>(8,284,877)</u>	C
Adjusted Cash Balance	\$100,359,942	

Comments

A. This cash balance is reflective of financial data from MUNIS and should agree with Report 1, Note 16 less cash in Fund 35.

B. California School Facilities Grants are deposited into the County School Facilities Fund 35 and subsequently transferred to the Building Fund 21.

C. The new liability for vendor contract retentions billed, not paid, is the net of the Contract Retentions and Cash with Fiscal Agent. The amounts are reflective of financial data from MUNIS and are displayed on Report #1, Bond Program Key Performance Indicators (page 1) and on Note 15 of this same Report #1.

D. Accounts payable is reflective of financial data from MUNIS and are adjusted at June 30 fiscal year end.

WCCUSD CBOC Annual Report 2017



West Contra Costa Unified School District Bond Program Financial Status As of December 31, 2016

Report #13

Note 2 Projected Revenues

Fiscal Year	Bond Sales 2010 Measure D	Bond Sales 2012 Measure E	Less: Cost of Bond Issuance	Interest Earnings	Total
FY2018	65,000,000	60,000,000	(500,000)	336,000	124,836,000
FY2019				1,008,000	1,008,000
FY2020	65,000,000	65,000,000	(500,000)	672,000	130,172,000
FY2021				1,008,000	1,008,000
Sub-Totals	130,000,000	125,000,000	(1,000,000)	3,024,000	257,024,000
FY2022				672,000	672,000
FY2023				336,000	336,000
Sub-Total	-	-	-	1,008,000	1,008,000
Grand Total	130,000,000	125,000,000	(1,000,000)	4,032,000	258,032,000

The average issuance cost for the last two issues is \$451,646.

Note 3 Budgeted and Projected Expenses

Description	Note
Committed Expenses	This number comes from Report # 2, Bond Program Spending by Site. This represents the amount of contracts and purchase orders that have been issued but not yet paid.
Estimated Expenses	This number comes from Report # 2, Bond Program Spending by Site. This represents the amount of project budgets that have not been committed or paid. It assumes that the balance of each project budget will be spent.

WCCUSD CBOC Annual Report 2017



West Contra Costa Unified School District Bond Program Financial Status As of December 31, 2016

Report #13

Note 4 California State Facilities Grants

Upon release of funds by the California State Allocation Board the State Controller prepares the checks which are then mailed to the County Treasurer for deposit into the District's bank account Fund 35 (County School Facilities Fund) and subsequently are transferred to Fund 21, Building Fund.

School	Funding	OPSC * Status	SAB ** Approval	SAB ** Funded	Amount
Approved State Funding					
Coronado				11/27/17	946,931
Peres				11/27/17	1,101,173
Greenwood				11/27/17	2,071,166
Pinole Valley HS				6/25/17	2,740,128
Helms Middle				2/14/18	5,341,020
King	Seismic	Unfunded Approval Under OPSC	1/18/2017	n/a	2,106,032
El Cerrito	Seismic	Review	7/18-12/18	n/a	2,276,568
El Cerrito (Bld. E)	Seismic	Under OPSC Review	7/18-12/18	n/a	204,936
Helms	Modernization	On Work List	7/18-12/18	n/a	81,498
Kennedy	Modernization	On Work List	7/18-12/18	n/a	1,005,433
Pinole Valley HS	Modernization	On Work List	7/20-12/20	n/a	15,803,479
Total					<u>33,678,364</u>

Office of Public School Construction – OPSC
State Allocation Board - SAB

WCCUSD CBOC Annual Report 2017



West Contra Costa Unified School District Bond Program Financial Status As of December 31, 2016

Report #13

The Board of Education received the Implementation Plan with the draft Master Plan on June 15, 2016 and approved them unanimously. The Board approved Implementation Plan - Model one includes the following projects with the project cost, including inflation:

School	Project Type	R.O.M.
Ed Specs & School Size		200,000
Harmon Knolls	Soils Testing	100,000
Valley View ES	Critical Needs	1,150,000
Crespi MS	Critical Needs	3,100,000
Riverside ES	Critical Needs	6,900,000
Richmond HS	Critical Needs	15,100,000
Highland ES	Critical Needs	800,000
Grant ES	Critical Needs	900,000
Olinda ES	Critical Needs	1,000,000
Chavez ES	Critical Needs	600,000
Ohlone ES	Critical Needs	800,000
Harmon Knolls	Critical Needs	450,000
Fairmont ES	Critical Needs	3,000,000
Stege ES	Critical Needs	2,900,000
Wilson ES	RS Replacement	40,300,000
Lake ES	RS Replacement	500,000
Sub Total		77,800,000

Note 5: FUTURE FACILITIES MASTER PLAN PROJECTS

Cameron School	Critical Needs	1,300,000
Collins ES	Critical Needs	3,500,000
Hercules MS	Critical Needs	7,500,000
Hercules HS	Critical Needs	7,200,000
Kennedy HS	Critical Needs	12,200,000
Lake ES	RS Replacement	65,600,000
Shannon ES	Critical Needs	7,100,000
Sub Total		104,400,000

TOTAL IMPLEMENTATION PLAN MODEL 1 182,200,000*

*These are 'Rough Order of Magnitude (R.O.M) Cost' estimates transcribed directly from the Long Range Facilities Master Plan (Section 7, Implementation Plan, page 111).

Darden Architects prepared 2016 Facilities Master Plan R.O.M estimates in early 2016. Based on this, one might reasonably expect significant cost escalation between the original estimates and their subsequent budget figures. *In June 2016 the Board has approved \$181,800,000 FMP since then they added \$400,000 for Valley View (150,000) and Harmon Knolls (250,000).

WCCUSD CBOC Annual Report 2017

Report #13

West Contra Costa Unified School District
Bond Program Financial Status
As of December 31, 2016

Note 6 Unbudgeted Central Services Expenses FY2022-2023

<u>Description</u>	<u>Amount</u>
Salaries & Benefits	\$5,200,000
Services & Other Cost	<u>2,870,000</u>
	\$8,070,000

WCCUSD CBOC Annual Report 2017

Bond Program Financial Status at the END of 2017



**West Contra Costa Unified School District
December-2017 to June-2021 Cash
Projection
December 31, 2017**

Report #13

		<u>Notes</u>
<u>Adjusted Cash Balance</u>		51,478,952 1
 Projected Revenues		
Bond Sales 2010 Measure D	130,000,000	2
Bond Sales 2012 Measure E	125,000,000	2
Less: Cost of Issuance	(1,000,000)	2
Other Revenues	<u>3,024,000</u>	2
	257,024,000	
 Projected Available Funds		 <u>308,502,952</u>
 <u>Budgeted and Projected Expenses</u>		
Non-Central Program Costs:		
Committed Costs	89,840,798	
Budget Balance	131,947,424	
	221,588,222	
 Projected Cash Balance June 2021		 886,914,730
 <u>Items Pending State Approval</u>		
State Facility Grants Estimated Funding	\$ 26,818,966	4
 <u>Items Pending Board Approval</u>		
2016 Master Plan Projects Estimates	\$104,600,000	5
2022-2023 Estimated Central Cost	\$ 3,070,000	6
2023-2023 Estimated Other Revenue	\$ 1,008,000	2



West Contra Costa Unified School District
 2016 Master Plan
 December 31, 2017

Report #13

Note 1 Adjusted Cash Balance

Description	Amount
Cash & Equivalents Building Fund 21	\$47,723,732
Cash & Equivalents County School Facilities Fund 35	4,120,732
Cash with Fiscal Agent (contract retentions)	5,448,243
Accounts Receivable	(2,537)
Accounts Payable	0
Contract Retention	<u>(5,811,218)</u>
Adjusted Cash Balance	\$51,478,952

Comments

A. This cash balance is reflective of financial data from MUNIS and should agree with Report 1, Note 16 less cash in Fund 35.

B. California School Facilities Grants are deposited into the County School Facilities Fund 35 and subsequently transferred to the Building Fund 21.

C. The new liability for vendor contract retentions billed, not paid, is the net of the Contract Retentions and Cash with Fiscal Agent. The amounts are reflective of financial data from MUNIS and are displayed on Report #1, Bond Program Key Performance Indicators (page 1) and on Note 15 of this same Report #1.

D. Accounts payable is reflective of financial data from MUNIS and was adjusted at June 30 fiscal year end.

WCCUSD CBOC Annual Report 2017



West Contra Costa Unified School District
2016 Master Plan
December 31, 2017

Report #13

Note 2 Projected Revenues

Fiscal Year	Bond Sales 2010 Measure D	Bond Sales 2012 Measure E	Less: Cost of Bond Issuance	Interest Earnings	Total
FY2018	65,000,000	60,000,000	(500,000)	336,000	124,836,000
FY2019				1,008,000	1,008,000
FY2020	65,000,000	65,000,000	(500,000)	672,000	130,172,000
FY2021				1,008,000	1,008,000
Sub-Total	130,000,000	125,000,000	(1,000,000)	3,024,000	257,024,000
FY2022				672,000	672,000
FY2023				336,000	336,000
Sub-Total	-	-	-	1,008,000	1,008,000
Grand Total	130,000,000	125,000,000	(1,000,000)	4,032,000	258,032,000

The average issuance cost for the last two issues is \$451,848.

Note 3 Budgeted and Projected (approved by Board)

Description	Note
Committed Expenses	This number comes from Report # 2, Bond Program Spending by Site. This represents the amount of contracts and purchase orders that have been issued but not yet paid.
Estimated Expenses	This number comes from Report # 2, Bond Program Spending by Site. This represents the amount of project budgets that have not been committed or paid. It assumes that the balance of each project budget will be spent.

WCCUSD CBOC Annual Report 2017



West Contra Costa Unified School District 2016 Master Plan December 31, 2017

Report #13

Note 4 California State Facilities Grants

Upon release of funds by the California State Allocation Board the State Controller prepares the checks which are then mailed to the County Treasurer for deposit into the District's bank account Fund 35 (County School Facilities Fund) and subsequently are transferred to Fund 21, Building Fund.

Pending California State Facility Grants						
1/25/2018						
School	Funding	OPSC status	Project Number	SAB Approval	Fund Release	Est Amount
Holms Junior High	Seismic	Pending	5881796-00-008	1/25/2018	1/25/2018	5,341,020.00
King	Seismic	Unfunded Approval (PIF Sub)	5881796-00-009	Est: 01/18-06/18	Est: 07/18	2,106,032.00
El Cerrito	Seismic	Unfunded Approval (PIF Sub)	5881796-00-010	Est: 01/18-06/18	Est: 07/18	2,276,568.00
El Cerrito-Blag E	Seismic	Under Review	5881796-00-010	Est: 07/18-12/18	Est: 03/19	204,936.00
Holms	MOD	On Workload List	5781796-00-048	Est: 07/18-12/18	Est: 02/19	81,498.00
Kennedy	MOD	On Workload List	5781796-00-049	Est: 07/18-12/18	Est: 02/19	1,005,433.00
PVHS	MOD	On Workload List	5781796-00-051	Est: 07/20-12/20	Est: 02/21	15,803,479.00
Total						26,818,966.00

WCCUSD CBOC Annual Report 2017



West Contra Costa Unified School District 2016 Master Plan December 31, 2017

Report #13

The Board of Education received the Implementation Plan with the draft Master Plan on June 15, 2016 and approved them unanimously. The Board approved Implementation Plan - Model one includes the following projects with the project cost, including inflation:

School	Project Type	R.O.M.
Ed Specs & School Size		200,000
Harmon Knolls	Soils Testing	100,000
Valley View ES	Critical Needs	1,150,000
Crespi MS	Critical Needs	3,100,000
Riverside ES	Critical Needs	6,900,000
Richmond HS	Critical Needs	15,100,000
Highland ES	Critical Needs	800,000
Grant ES	Critical Needs	900,000
Olinda ES	Critical Needs	1,000,000
Chavez ES	Critical Needs	600,000
Ohlone ES	Critical Needs	800,000
Harmon Knolls	Critical Needs	450,000
Fairmont ES	Critical Needs	3,000,000
Steph ES	Critical Needs	2,900,000
Wilson ES	RS Replacement	40,300,000
Lake ES	RS Replacement	500,000
Sub Total		77,800,000

Note 5: FUTURE FACILITIES MASTER PLAN PROJECTS

Cameron School	Critical Needs	1,300,000
Collins ES	Critical Needs	3,500,000
Hercules MS	Critical Needs	7,500,000
Hercules HS	Critical Needs	7,200,000
Kennedy HS	Critical Needs	12,200,000
Lake ES	RS Replacement	65,600,000
Shannon ES	Critical Needs	7,100,000
Sub Total		104,400,000

TOTAL IMPLEMENTATION PLAN MODEL 1

182,200,000*

Definition of RCM³

Five percent inflation has been applied from mid-2015 to the scheduled midpoint of construction, compounded yearly, to account for inflation. These "Bough Order of Magnitude" (R.O.M.) cost estimates, which are based on general cost per square foot, do not include market-based contract escalation (if any) above 5% annual inflation.

Additionally, the cost of temporary housing has been included where it was known to be required at the time of the Master Plan (e.g., at Lake Elementary). It has not been included where it was not anticipated prior to the release of the Master Plan (e.g., at Wilson Elementary).

Note that further Architectural and Engineering studies are required, including scoping and budgeting, for all Critical Needs. In June 2016 the Board has approved \$181,000,000 JMP since then they added \$400,000 for Valley View (150,000) and Harmon Knolls.

WCCUSD CBOC Annual Report 2017



West Contra Costa Unified School District
2016 Master Plan
December 31, 2017

Report #15

Note 6 Unbudgeted Central Services Expenses FY2022-2023

<u>Description</u>	<u>Amount</u>
Salaries & Benefits	\$5,200,000
Services & Other Cost	<u>2,870,000</u>
	\$8,070,000

WCCUSD CBOC Annual Report 2017

Changes in the Financial Status of the Bond Program During the Year 2017

\$ millions	Beg 2017 (Jan 1)	End 2017 (Dec 31)	End Over (Under) Beg 2017	Analysis
Adjusted Cash Balance	\$ 100.4	\$ 51.5	\$ (48.9)	
Projected Revenues				
Bond Sales 2010 Measure D	\$ 130.0	\$ 130.0		
Bond Sales 2012 Measure E	\$ 125.0	\$ 125.0		
Less: Cost of Issuance	\$ (1.0)	\$ (1.0)		
Other Revenues estimated to 2021	\$ 3.0	\$ 3.0		Ref: Note 2 on final Rpt 13, Jan 2018 (estimated revenue 2022-23 shown separately, below)
	\$ 257.0	\$ 257.0	\$ 0.0	
Projected Available Funds	\$ 357.4	\$ 308.5	\$ (48.9)	\$56.4 million expenditures offset by \$6.9 million state grants received and \$.7 million interest income in 2017
Budgeted and Projected Expenses				
Committed Cost	\$ 134.1	\$ 89.6		
Budget Balance	\$ 144.9	\$ 131.9		\$56.4 million expenditures + \$.9 million projects closed out below budget
	\$ 279.0	\$ 221.6	\$ (57.4)	
Projected Cash Balance, June 2021	\$ 78.4	\$ 86.9	\$ 8.5	Increase in Projected Cash Balance through June 2021, due to \$6.9 million state grants, plus \$.9 million projects closed out below budget before year-end and \$.7 million interest received in 2017
State Facility Grants	\$ 33.7	\$ 26.8	\$ (6.9)	
Future Facilities Master Plan Projects	\$ 104.4	\$ 104.4		
2022-23 Estimated Central Costs	\$ 8.1	\$ 8.1		
2022-23 Estimated Other Revenue	\$ 1.0	\$ 1.0		

APPENDIX D: West Contra Costa County Property Tax Rates

Property Tax Rates: The “Tax Rate” is the annual property tax amount paid by County taxpayers, per each \$100,000 of their property’s assessed value, to pay off each local bond measure. For any given property, the “assessed value” (which is set by the County Assessor) is not necessarily the same as the “original purchase price” or the “current market value”.

Election Measure	1998 E	2000 M	2002 D	2005 J	2010 D	2012 E	Total Annual Property Tax Rate, by Tax Year³¹
Authorized	\$40	\$150	\$300	\$400	\$380	\$360	
Issued-to-Date	\$40 million	\$150 million	\$300 million	\$323 million	\$250 million	\$235 million	
Target Rates	\$24.60	\$55.60	\$60.00	\$60.00	\$48.00	\$48.00	
1998/99	\$6.10						\$6.10
1999/00	\$12.50						\$12.50
2000/01	\$20.40						\$20.40
2001/02	\$18.00	\$6.90					\$24.90
2002/03	\$16.10	\$25.00	\$11.50				\$52.60
2003/04	\$12.30	\$45.40	\$48.70				\$106.40
2004/05	\$16.10	\$46.90	\$52.30				\$115.30
2005/06	\$11.50	\$43.70	\$48.90				\$104.10
2006/07	\$10.50	\$38.60	\$48.70	\$16.50			\$114.30
2007/08	\$9.00	\$34.20	\$44.20	\$16.10			\$103.50
2008/09	\$9.30	\$36.50	\$48.40	\$28.80			\$123.00
2009/10	\$10.50	\$55.20	\$58.10	\$59.00			\$182.80
2010/11	\$11.30	\$55.60	\$60.00	\$60.00			\$186.90
2011/12	\$8.60	\$55.60	\$60.00	\$60.00	\$48.00		\$232.20
2012/13	\$8.70	\$55.60	\$60.00	\$60.00	\$31.40		\$215.70
2013/14	\$10.20	\$55.60	\$60.00	\$60.00	\$48.00	\$48.00	\$281.80
2014/15	\$8.70	\$55.60	\$60.00	\$60.00	\$48.00	\$48.00	\$280.30^a
2015/16	\$6.50	\$55.60	\$60.00	\$60.00	\$48.00	\$48.00	\$278.10
2016/17	\$5.80	\$38.60	\$60.00	\$60.00	\$48.00	\$48.00	\$260.40^b
Cumulative-to-Date	\$212.10	\$704.60	\$780.80	\$540.40	\$271.40	\$192.00	\$2,701.30

Note (a): As reported in CBOC Annual Report 2016.

Note (b): As reported in CBOC Annual Report 2017.

³¹ “2017 General Obligation Refunding Bond & Tax Rate Management”, KNN Public Finance (the District’s Bond Advisor), Powerpoint presentation to the Board’s Facilities Subcommittee, July 18, 2017.

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Projected Tax Rates³²: To date, the authorized amounts for 1998 Measure E, 2000 Measure M and 2002 Measure D have been 100% issued and are reflected in these projected tax rates. Although not yet fully issued, the projected tax rates shown below for 2010 Measure D and 2012 Measure E are based on 100% issuance, as planned by the District (\$125 million in FY 2018 and \$130 million in FY 2021). Projected tax rates for 2005 Measure J do not include the final \$77 million still available to issue, as no schedule has been set to issue it.

Election Measure	1998 E	2000 M	2002 D	2005 J	2010 D	2012 E	Total Annual Property Tax Rate, by Tax Year
Authorized	\$40	\$150	\$300	\$400	\$380	\$360	
Issued-to-Date	\$40 million	\$150 million	\$300 million	\$323 million	\$250 million	\$235 million	
Target Rates	\$24.60	\$55.60	\$60.00	\$60.00	\$48.00	\$48.00	
2017/18	\$5.30	\$18.40	\$60.00	\$60.00	\$48.00	\$48.00	\$239.70
2018/19	\$9.66	\$19.69	\$60.00	\$60.00	\$48.00	\$48.00	\$245.35
2019/20	\$9.09	\$18.74	\$63.40	\$60.00	\$48.00	\$48.00	\$247.23
2020/21	\$8.75	\$17.91	\$65.83	\$64.97	\$48.00	\$48.00	\$253.46
2021/22	\$8.43	\$17.16	\$66.43	\$77.84	\$48.00	\$48.00	\$265.86
2022/23	\$8.09	\$16.43	\$65.73	\$76.85	\$48.00	\$48.00	\$263.10
2023/24	\$3.84	\$15.03	\$66.16	\$75.85	\$48.00	\$48.00	\$256.88
2024/25	\$1.79	\$14.70	\$66.13	\$78.12	\$48.00	\$48.00	\$256.74
2025/26	Paid off	\$13.84	\$66.92	\$79.25	\$48.00	\$48.00	\$255.92
2026/27	in 2025	\$13.30	\$67.31	\$79.72	\$48.00	\$43.73	\$272.06
2027/28		\$12.76	\$67.76	\$80.21	\$48.00	\$35.38	\$244.11
2028/29		\$12.25	\$68.22	\$80.71	\$45.44	\$37.41	\$244.03
2029/30		\$11.76	\$68.71	\$81.18	\$45.47	\$39.41	\$246.53
2030/31		\$11.30	\$69.22	\$81.67	\$43.75	\$37.84	\$243.78
2031/32		\$10.83	\$68.52	\$82.17	\$43.40	\$40.30	\$245.22
2032/33		Paid off	\$65.87	\$81.62	\$42.02	\$38.76	\$227.71
2033/34		in 2032	\$66.78	\$81.90	\$40.75	\$37.48	\$226.91
2034/35			Paid off	\$45.99	\$39.51	\$36.22	\$118.28
2035/36			in 2034	\$49.45	\$38.31	\$35.03	\$122.79
2036/37					\$37.15	\$33.86	\$68.47

RED: Tax rates \geq \$60 will be collected to service projected debt payments.

Highlighted Tax rate falls below \$60, freeing up capacity for remaining \$77 million of 2005-J funds.

³² "Overview of 2018 General Obligation Bond Financing", KNN Public Finance (the District's Bond Advisor), Powerpoint presentation to the Board of Education, February 7, 2018.

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Election Measure	1998 E	2000 M	2002 D	2005 J	2010 D	2012 E	Total Annual Property Tax Rate, by Tax Year
Authorized	\$40	\$150	\$300	\$400	\$380	\$360	
Issued-to-Date	\$40 million	\$150 million	\$300 million	\$323 million	\$250 million	\$235 million	
Target Rates	\$24.60	\$55.60	\$60.00	\$60.00	\$48.00	\$48.00	
2037/38					\$35.90	\$32.75	\$68.65
2038/39					\$34.73	\$31.66	\$66.39
2039/40					\$33.32	\$30.61	\$63.93
2040/41					\$32.22	\$29.61	\$61.83
2041/42					\$22.60	\$28.64	\$51.24
2042/43					\$22.17	\$27.70	\$49.87
2043/44					\$21.97	\$26.80	\$48.77
2044/45					\$21.80	\$25.93	\$47.73
2045/46					\$13.77	\$16.96	\$30.73
2046/47					\$13.44	\$16.73	\$30.17
2047/48					\$12.78	\$16.07	\$28.85
2048/49					\$12.16	\$15.45	\$27.61
2049/50					\$11.56	\$14.86	\$26.42
2050/51					\$10.98	\$14.30	\$25.28
2051/52					\$10.42	\$13.75	\$24.17
2052/53					\$9.88	\$13.23	\$23.11
2053/54					\$9.36	\$12.73	\$22.09
2054/55					\$7.46	\$5.33	\$12.79
2055/56					\$3.82	\$5.48	\$9.30
2056/57					\$3.68	\$5.26	\$8.94
2057/58					\$0.35	\$2.50	\$2.85
2058/59					\$0.34	\$2.54	\$2.88
2059/60			Paid off in 2060 →		\$0.16	\$2.44	\$2.60
Projected to Maturity	\$54.86	\$223.54	\$1,119.55	\$1,374.96	\$1,248.66	\$1,238.62	\$5,260.19

- These projections assume 4% annual compounded growth in the total of assessed property valuations, across all properties included in the District's tax base.
- Measure 2005-J is forecast to have the tax rate for its future debt service fall below the \$60 per \$100,000 threshold beginning about Tax Year 2034/35 (see highlighted entry in table above). According to the projection, this is the earliest that the District could legally contemplate issuing any of its remaining \$77 million authorization from the electorate's original passage of its \$400 authorization in 2005.
- The tax rates shown in red above, forecast to exceed the statutory maximum allowable value of \$60 per \$100,000 of assessed property value, will be collected by the County Tax authorities at those higher tax rates. This is the property tax revenue necessary to service the annual debt payments for each of Measures 2002-D and 2005-J in those future tax years.

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APPENDIX E: Bond Program Key Performance Indicators Summary (Report #1)

Up until October 2017, the CBOC and its Audit Subcommittee had been receiving and reviewing regular updates from the District for Report #1. By the date of this Annual Report, no further updates to Report #1 have been produced by the District.

BOND PROGRAM KPI SUMMARY

Report # 1

Bond Information (Key Performance Indicators) for WCCUSD Bond Program
as of October 31, 2017

Table 1 – Bonds Authorized

Bond Measures	Voter Approved		Bonds Issued					Bond Payments		
	Month Year	Amount (\$)	Latest Issue	Total Issued	Tax Rate per \$100k ⁴	Not Yet Issued	Scheduled Issues ⁵	Principal Paid	Finish Date	Interest Paid
¹ Msr 1998-E	Jun 1998	40,000,000	Jan 2001	40,000,000	\$8.70	0	0	23,535,000	Aug 2025	27,408,398
² Msr 2000-M	Nov 2000	150,000,000	Apr 2003	150,000,000	\$55.80	0	0	89,165,000	Aug 2032	84,436,101
³ Msr 2002-D	Mar 2002	300,000,000	Oct 2005	299,997,483	\$80.00	2,517	0	87,203,251	Aug 2034	108,014,922
³ Msr 2005-J	Nov 2005	400,000,000	Jun 2010	322,409,709	\$80.00	77,590,292	0	15,160,007	Aug 2036	143,740,368
³ Msr 2010-D	Jun 2010	380,000,000	Mar 2016	250,000,000	\$48.00	130,000,000	130,000,000	31,810,000	Aug 2045	42,170,785
³ Msr 2012-E	Nov 2012	360,000,000	Mar 2016	235,000,000	\$48.00	125,000,000	125,000,000	31,500,000	Aug 2045	26,510,877
Grand Totals		1,630,000,000		1,297,407,191	\$280.30	332,592,809	255,000,000	278,373,258		432,281,450

Table 2 – Funds From Other Sources

Source	Prior	2018	Total
⁶ School Facilities	144,517,699		144,517,699
⁷ Developer Fees	24,900,038		24,900,038
⁸ Interest Earnings	40,798,940	54,266	40,851,206
⁹ Net Transfers	(3,920,753)		(3,920,753)
¹⁰ Other Revenue	12,909,269		12,909,269
¹¹ Fund Adjustments	948,394		948,394
Total Other Revenue	220,151,588	54,266	220,205,854

Table 3 – Program Summary

Revenues	Actuals to Date
¹² Bonds Issued	1,297,407,191
¹ less: Msr 1998E	(40,000,000)
¹³ Other Revenue	220,205,854
Program Revenue	1,477,613,046
¹⁴ School KPI Actuals	(1,418,416,235)
Accounts Receivable	2,537
Accounts Payable	6,777
¹⁵ Net Retentions	309,731
Cash on Hand¹⁷	59,515,856

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Table 4 – Average Monthly Spending

3 Months	6 Months	12 Months
4,995,758	4,159,984	3,807,593

Notes:

- Measure 1998-E is not covered under Proposition 39 regulations for school bonds, and is not ordinarily reported in the Bond Program expenditure reports. The following schedule shows Measure 1998-E expenditures by site with state funded DeJean expenditures shown in a separate column.

School	1998E	State	Total
DeJean MS	23,994,285	12,841,930	36,836,215
Pinole Valley HS	190,571		190,571
Central	16,276,518		16,276,518
Grand Total	40,461,374	12,841,930	53,303,304

- Measure 2000-M is not a Proposition 39 bond, but is included in Bond Program reporting because the original bond language required a "Citizens' Oversight Committee".
- Measures 2002-D, 2005-J, 2010-D, and 2012-E are all authorized under Proposition 39, requiring public oversight through the Citizen's Bond Oversight Committee.
- On issuing bonds the District must certify that the tax rate for the bonds will not exceed \$60 per \$100 thousand of property value. In addition, the District has a publicly stated goal for the 2010-D and 2012-E bonds of maintaining the tax rate at \$48 per \$100 thousand.
- The expected issuance schedule below is from the KNN Public Finance presentation to the Facilities Sub-Committee on March 15, 2016.

Year	2010-D	2012-E	Total
2018-19	65,000,000	60,000,000	125,000,000
2020-21	65,000,000	65,000,000	130,000,000
Grand Total	130,000,000	125,000,000	255,000,000

See Other Notes regarding waivers.

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6. School Facility revenues by school are:

School	Amount	School	Amount
Bayview	2,535,074	Ohlone	2,403,971
Coronado	401,400	Peres	1,468,479
Dover	7,286,188	Riverside	1,191,472
Downer	4,834,933	Sheldon	331,311
Ellerhorst	1,352,870	Stewart	1,147,062
El Sobrante	369,339	Tara Hills	1,501,831
Fairmont	571,594	Valley View	290,214
Ford	7,245,372	Verde	1,180,094
Grant	369,288	Washington	2,162,982
Lupine Hills	1,147,097	Wilson	323,957
Harding	1,948,349	Helms Middle	3,781,072
Kensington	1,274,843	Pinole Jr High	5,190,574
King	2,531,648	Korematsu MS	20,383,150
Lake	309,937	De Anza High	14,588,691
Lincoln	984,983	El Cerrito High	11,556,135
Madera	1,216,917	Kennedy High	6,586,133
Mira Vista	1,528,265	Richmond High	11,599,844
Montalvin	313,287	Greenwood/LPS	16,635,294
Murphy	1,595,572	Pinole Valley HS	2,740,128
Nystrom	1,638,359		
Grand Total			144,517,699

7. In June 2007 \$24,900,038 of expenditures were transferred to the Capital Facilities Fund (Developer Fees). The District has reported this in project reporting as an increase to Program revenues. These transfers were limited to schools with assessed needs based on population growth.

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Notes:

8. Interest earnings by Bond Measure or other funding source:

Source	Prior	2018	Total
2000 Measure M	4,987,794		4,987,794
2002 Measure D	14,785,928		14,785,928
2005 Measure J	1,373,462		1,373,462
2010 Measure D	422,421		422,421
2012 Measure E	411,783		411,783
Building Fund - Other	17,084,192	54,266	17,138,458
School Facility Fund	1,751,380		1,751,380
Grand Total	40,796,940	54,266	40,851,206

Unallocated interest derived from bond proceeds was posted to the undistributed resource (0000), and is shown in Building Fund - Other.

9. Net Transfers by Bond Measure or Funding source are shown below. Approximately 90% of all transferred amounts were from the Building Fund to the School Facility Fund to match State revenues.

Source	Amount
2000 Measure M	(11,939,439)
2002 Measure D	(11,089,851)
2005 Measure J	(12,625,650)
Building Fund - Other	1,834,111
School Facility Fund	29,810,076
Grand Total	(3,920,753)

Net transfers were to, or from, the following offsetting non-program resources or funds:

Transferred From (To)	Amount
1998 Measure E	8,077,014
General Fund (Resc 8150 - RRM)	(2,700,000)
Deferred Maintenance Fund	(5,158,224)
Building Fund (other revenues)	890,573
Capital Outlay Fund	750,138
Bond Interest & Redemption Fund	(3,042,495)
Debt Service Fund	(837,758)
Grand Total	(3,920,753)

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10. Other Revenue by source:

Revenue Source	Amount
Vendors	
Alterra	108,000
Misc Vendors	678,172
Pacific Gas & Electric	138,099
SBC (E-Rate)	2,597,426
WLC Architects	100,000
Other	
2000M Bond Refinance	550,000
2005J Bond Premium	5,357,323
Bond Sales journalled at net	(964,575)
Cost of Issuance rebates	95,190
EI Portal Land Sale	836,291
FEMA - Riverside ES	906,437
Other	909
Pinole MS joint use	2,000,000
Retention corrections	138,295
Rosie the Riveter	189,440
San Pablo Economic Develop Corp	200,262
Grand Total	12,909,269

SBC (now AT&T) payments were primarily for "E-Rate" school subsidies. The remaining vendor payments are for cost reimbursements, contract or dispute settlements, or fee rebates.

In order to show Bond Sales correctly at the stated face value, a negative \$964,576 line item is included. The amount is from the District booking bond sales at net of costs of issuance for fiscal years 2013-14 and 2014-15.

The EI Portal Land Sale was originally posted to the Building Fund, but was later transferred. It is listed in the prior note as the transfer to the Debt Service Fund.

The Pinole MS joint use revenue was from an expired agreement with the City of Pinole for the school gym and sports fields.

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WCCUSD Bond Program

Notes:

11. Fund Adjustments by Bond Measure and other funding source:

Adjustment	Amount
2000 Measure M	907,243
2002 Measure D	(99,877)
2005 Measure J	(58,278)
Building Fund - Other	199,306
Grand Total	948,394

Fund Adjustments by category:

Adjustment	Amount
Beginning Balances	218,257
Close Non-Bond Resources	(58,278)
FEMA Adjustment	805,260
FY 2006 Beginning Balance	0
Prior Year Correction	(16,845)
Grand Total	948,394

12. Bonds issued by fiscal year:

Fiscal Year	In thousands						Grand Total
	1998E	2000M	2002D	2005J	2010D	2012E	
1999	20,000						20,000
2000	10,000						10,000
2001	10,000	15,000					25,000
2002		40,000	30,000				70,000
2003		95,000					95,000
2004			100,000				100,000
2005			89,999				89,999
2006			99,998	70,000			169,998
2009				120,000			120,000
2010				132,410			132,410
2012					100,000		100,000
2014					40,000	85,000	125,000
2015					50,000	85,000	135,000
2016					60,000	65,000	125,000
Total	40,000	150,000	299,997	322,410	250,000	235,000	1,297,407

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13. Total Other Revenue by bond or funding source:

Source	Prior	2018	Total
2000 Measure M	(3,938,956)		(3,938,956)
2002 Measure D	5,957,893		5,957,893
2005 Measure J	(5,732,024)		(5,732,024)
2010 Measure D	4,990,460		4,990,460
2012 Measure E	808		808
Building Fund - Other	18,349,288	54,266	18,403,554
Capital Facilities	27,640,166		27,640,166
School Facility	172,884,155		172,884,155
Grand Total	220,151,588	54,266	220,205,854

14. Expenditures by bond or funding source are as follows:

Source	Prior	2018	Total
2000 Measure M	148,061,044	0	148,061,044
2002 Measure D	304,455,376	0	304,455,376
2005 Measure J	318,177,684	0	318,177,684
2010 Measure D	218,633,472	3,726,613	222,360,086
2012 Measure E	201,955,731	12,435,910	214,391,641
Building Fund - Other	15,187,673	0	15,187,673
Capital Facilities	24,900,038	0	24,900,038
School Facility	172,882,693		172,882,693
Grand Total	1,402,253,711	16,162,523	1,418,416,234

15. The District retains up to ten percent of payments on construction contracts, and frequently makes payments to vendor trust accounts for the retained amounts. The trust accounts are reported as cash on the District's financial records. Net retainage liability, less cash in trust accounts, is as follows:

Account	Prior	2018	Total
Retentions	8,826,607	(3,503,719)	5,322,887
Trust Accounts	(8,767,241)	3,754,084	(5,013,157)
Net Retentions	59,366	250,365	309,731

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16. Ending Cash on Hand by funding source is as follows:

Source	Beg Bal	2018	Total
2010 Measure D	37,776,715	(5,019,148)	32,757,567
2012 Measure E	36,209,366	(15,408,549)	20,800,817
Building Fund - Other	3,161,615	2,794,394	5,956,009
School Facilities	2,741,590	(2,740,128)	1,462
Grand Total	79,889,287	(20,373,430)	59,515,856

Ending Cash on Hand by cash type:

Source	Beg Bal	2018	Total
Cash	59,839,382	(20,427,697)	39,411,685
LAIF (Cash Equivalent)	20,049,905	54,266	20,104,171
Grand Total	79,889,287	(20,373,430)	59,515,856

Other Notes:

There is a statutory limit to issuing bonds to 2.5% of the total assessed property valuations (AV) in the District. The District can get a waiver to this limit on a per bond basis. The waivers the District has received are listed in the following table. (KNN presentation to the Facility Sub-Committee on July 14, 2015).

Bond	Approved	Waiver	Granted	Expires
2002 Measure D	Mar-2002	3.00% of AV	Nov-2002	Nov-2007
2005 Measure J	Nov-2005	3.50% of AV	May-2009	May-2014
2010 Measure D	Jun-2010	5.00% of AV	Mar-2011	Dec-2021
2012 Measure E	Nov-2012	5.00% of AV	May-2013	Dec-2025

The following schedule shows the calculation of the availability to issue bonds based on this limit with a 5% waiver. (See KNN presentation to the Facility Sub-Committee on July 14, 2015). These amounts will change annually as a result of changing property tax assessments and bond principal payments.

Bond	2014-15	2015-16
Total Assessed Value	24,614,663,961	26,697,009,143
Waiver @ 5%	1,230,733,198	1,334,850,457
Outstanding Bonds	(900,147,930)	(997,652,606)
Bonds Sold	(135,000,000)	(125,000,000)
Principal Paid	29,638,543	30,199,482
Bonding Capacity	225,224,811	242,397,333

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APPENDIX F: Project Status Report

As of 12/31/17

	SITE	PROJECT	MASTER PLAN	ORIGINAL CONTRACT AMOUNT	STATUS
CONSTRUCTION	Lake ES	Portable Demo	X	\$ 136,311.00	Anticipated Completion February 2018
	Pinole Valley HS	New Campus		\$ 129,894,002.00	Change Orders # 1 - 25 Board Approved
	SITE	PROJECT		BUDGET	STATUS
PROCUREMENT	Korematsu MS	Fall Protection Bldg. B&D		\$ 198,000.00	Bidding next Summer
	SITE	PROJECT		BUDGET	STATUS
DESIGN	Crespi MS	Gym Seismic Retrofit	X	\$ 3,100,000.00	DSA Review
	Wilson ES	Replacement	X	\$ 40,300,000.00	Temp Campus _ under DSA Review New Campus_ pending BOE approval
	SITE	PROJECT		BUDGET	STATUS
PRE-DESIGN / PLANNING	Chavez ES	Critical Needs	X	\$ 600,000.00	AOR RFP, Geotechnical Investigation
	Fairmont ES	Critical Needs	X	\$ 3,000,000.00	AOR RFP, Geotechnical Investigation
	Harmon - Knolls	Soils Testing	X	\$ 100,000.00	Geotechnical Investigation
	Highland ES	Critical Needs	X	\$ 800,000.00	Site Investigation
	Olinda ES	Critical Needs	X	\$ 1,000,000.00	AOR RFP, Geotechnical Investigation
	Richmond HS	Critical Needs	X	\$ 15,100,000.00	Scope Review
	Riverside ES	Critical Needs	X	\$ 6,900,000.00	AOR RFP, Geotechnical Investigation
	Stege ES	Critical Needs	X	\$ 2,900,000.00	AOR RFP
	SITE	PROJECT		BUDGET	STATUS
FUTURE FACILITIES MASTER PLAN PROJECTS	Cameron School	Critical Needs	X	\$ 1,300,000.00	Future Year Not Funded
	Collins ES	Critical Needs	X	\$ 3,500,000.00	Future Year Not Funded
	Hercules HS	Critical Needs	X	\$ 7,200,000.00	Future Year Not Funded
	Hercules MS	Critical Needs	X	\$ 7,500,000.00	Future Year Not Funded
	Kennedy HS	Critical Needs	X	\$ 12,200,000.00	Future Year Not Funded
	Lake ES	Replacement	X	\$ 65,600,000.00	Future Year Not Funded
	Shannon ES	Critical Needs	X	\$ 7,100,000.00	Future Year Not Funded
	SITE	PROJECT		BUDGET	STATUS
CLOSEOUT	Harmon - Knolls	Critical Needs...Demolition	X		Project Closeout & Reconciliation
	Valley View ES	Critical Needs...Demolition	X		Project Closeout & Reconciliation
	Ohlone ES	Critical Needs...Demolition	X		Project Closeout & Reconciliation
	Grant ES	Critical Needs	X		Project Closeout & Reconciliation
	Nystrom ES	Temp Housing Removal			Project Closeout & Reconciliation
	Korematsu MS	Food Svc Delivery Ramp			Project Closeout & Reconciliation
	Korematsu MS	Library Patio Decking			Project Closeout & Reconciliation
	Korematsu MS	Roof Screens @ Bldg. D			Project Closeout & Reconciliation

APPENDIX G: Unfunded Master Plan Projects ³³

School Site	Project Type	Future Funding (R.O.M. Cost Estimates) *
Alvarado Adult	Critical Needs	\$ 4.2 million
Sierra Adult	Critical Needs	3.4
Stege Elementary	Replacement	86.4
Highland Elementary	Replacement	121.9
Valley View Elementary	Replacement	108.5
Grant Elementary	Modernization/Partial Replacement	46.6
Richmond High	Modernization/Partial Replacement	119.2
Shannon Elementary	Modernization/Partial Replacement	28.1
Olinda Elementary	Replacement	89.6
Fairmont Elementary	Replacement	102.4
Crespi Middle	Modernization/Partial Replacement	65.5
Collins Elementary	"	37.2
Kennedy High	"	110.4
Riverside Elementary	"	58.1
Chavez Elementary	"	24.6
Hercules Middle	"	7.2
Hercules High	"	15.9
Ohlone Elementary	"	10.2
Cameron School	"	37.4
Alvarado Adult	"	25.7
Sierra Adult	"	17.4
Unfunded Projects		\$ 1,119.9 million

"Unfunded Projects" are listed above in their order of prioritization and timeline scheduling, within the *Long Range Facility Master Plan*, beginning after the first 5-years (the Board-Approved "implementation projects") of the Plan.

* Rough Order of Magnitude (R.O.M.) Cost Estimates: As clarified between the District and the CBOC [subsequent to the approval of the *Facilities Master Plan*], R.O.M.'s are defined as follows:

"Five percent inflation has been applied from mid-2016 to the scheduled midpoint of construction, compounded yearly, to account for inflation. These "Rough Order of Magnitude" (R.O.M.) cost estimates, which are based on general cost per square foot, do not include market-based contract escalation (if any) above 5% annual inflation.

"Additionally, the cost of temporary housing has been included where it was known to be required at the time of the Master Plan (e.g., at Lake Elementary). It has not been included where it was not anticipated prior to the release of the Master Plan (e.g., at Wilson Elementary).

"Note that further Architectural and Engineering studies are required, including scoping and budgeting, for all Critical Needs."

³³ "CBOC Annual Report 2016", Appendix E thereto, "Unfunded Master Plan Projects", Page 35. See also the original source document, "Long Range Facilities Master Plan, July 2016", Page 109.

APPENDIX H: CBOC 2017 Recommendations

West Contra Costa Unified School District 2017 Recommendations Made to the Board of Education (Including Open Recommendations from Previous Years)

Recommendations to Board of Education: “All recommendations approved by the Committee (CBOC) shall be presented to the Board of Education. The Board shall respond to the Committee’s recommendation(s) within sixty (60) days after receipt of the recommendations(s).” (Board BP 7214.2)

The purpose of this report is to document the recommendations made by the CBOC to the Board of Education and to record the action taken by the Board, if any, on each recommendation.

Open Recommendations (No Official Response)

Date CBOC Approved	Recommendation	Board of Education Response
12.21.16	Proposed Board Policy 7160 – “Lessons Learned” be forwarded to the Board’s Facilities Subcommittee for their action.	Carried over from AR2016’s Appendix H: No response-to-date.

Rejected Recommendation

Date CBOC Approved	Recommendation	Board of Education Response
None	Does not apply for AR2017: No CBOC Recommendations were Rejected.	

Accepted Recommendations

Date CBOC Approved	Recommendation	Board of Education Response
5.18.16	Display original budget and current budget for each project on various reports.	Closed out from AR2016’s Appendix H: Accepted and implemented.
6.21.17	Amend the Moss Adams LLP “Performance Audit” contract to include a separate review of the implementation of the 112 recommendations from the “Forensic Accounting Investigation” by the District’s “Implementation Task Force” (the ITF).	10.18.17 The Board approved the contract amendment. The Moss Adams “Interim Review” for FY 2017 is due in September 2018. The “Final Review” is due after the completion of the ITF’s work, currently scheduled for October 2018.

APPENDIX I: References and Links

Purpose: To provide references and online links to documents that support the work of the West Contra Costa Unified School District (WCCUSD) Citizens' Bond Oversight Committee (CBOC).

- The purpose, role and responsibilities of the Citizens' Bond Oversight Committee is governed by California Constitutional Amendment Proposition 39 (2000)³⁴, California Education Code³⁵, WCCUSD Board of Education Policy³⁶ and the CBOC's Bylaws³⁷.
- Various bond resolutions approved by the Board of Education and various ballot measures approved by the voters authorized \$1,630,000,000 of general obligations bonds the principal and interest to be paid by the taxpayers of the WCCUSD (ref: WCCUSD Bond Measure Information³⁸.)
- The Board of Education, on June 15, 2016, approved a Five Year 2016-2021 Master Facilities Plan³⁹ for twenty-one (21) projects in an amount of \$181,800,000 based on the available bond monies that had been previously approved by the voters.
- The actual and planned construction for each school site is displayed on the District's website. Project Status Reports are posted on the District's website under Staff Reports⁴⁰.
- A forensic accounting investigation⁴¹ of the school construction program was performed by an independent auditor in 2015-16. The District has established a Task Force to implement the 112 recommendations made by the forensic auditor.
- CBOC activities including agenda packets, minutes and voice records are available on the CBOC website⁴². Subcommittee agenda, minutes, voice recordings and reports are also available on the Subcommittee website. Information on how to join the CBOC is also available.

³⁴ www.calboc.com/proposition-39.html or www.wccusd.net/cms/lib/CA01001466/Centricity/domain/1873/Regulatory%20Documents/Prop39.pdf

³⁵ www.calboc.com/education-code.html

³⁶ www.wccusd.net/cms/lib/CA01001466/Centricity/domain/1873/Regulatory%20Documents/Board%20Policy%207214.2.pdf

³⁷ www.wccusd.net/cms/lib03/CA01001466/Centricity/Domain/1873/Regulatory%20Documents/CBOC%20By-Laws%20Rev%202014.pdf

³⁸ www.wccusd.net/domain/1873

³⁹ www.wccusd.net - Main Menu / About WCCUSD / Facilities Master Plan.

⁴⁰ www.wccusd.net/domain/1837 or call WCCUSD Facilities Planning, 510-307-4542.

⁴¹ www.wccusd.net/domain/1723

⁴² www.wccusd.net/Domain/1819

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- The California League of Bond Oversight Committees (CalBOC)⁴³ has an excellent website with training resources for CBOC members. They also publish a free newsletter on CBOC activities throughout California.
- The California Little Hoover Commission⁴⁴, a State Agency to promote economy and efficiency in State and local governments, issued a report in February 2017⁴⁵ with recommendations to improve the effectiveness of CBOCs. The California's Coalition for Adequate School Housing⁴⁶ issued in 2014 an important report on school construction costs in California.

⁴³ www.calboc.com

⁴⁴ www.lhc.ca.gov

⁴⁵ www.lhc.ca.gov/studies/236/report236.html

⁴⁶ www.cashnet.org/

APPENDIX J: CBOC Member Roster and Bios

Jon Ames, Parent Representative, 2015-2017

Subcommittee: Site Tours

Jon has three young children and his oldest daughter is a student at Valley View Elementary School. He grew up in Massachusetts, where he received an excellent public education. Jon then earned a Bachelor's degree in Mechanical Engineering from Carnegie Mellon in Pennsylvania. After this, he moved to Berkeley, where he completed a Master's Degree from UC Berkeley in Mechanical Engineering. Jon has designed industrial machinery for the Geo. M. Martin Company of Emeryville for the past 10 years. He thinks both creatively and technically, and can focus on both details and the big picture, making him an asset to the CBOC.

Rhem Bell, Employee Unions Representative, 2016-2018

Mark Bordas, Student Representative, 2016-2017⁴⁷

Mark was appointed March 16, 2016 to the Citizens Bond Oversight Committee. Outside of his involvement with the CBOC, Mark is currently a junior at the newly constructed De Anza High School in Richmond, CA. At De Anza, Mark is concluding his first term as the Associated Student Body President and his second and last as the JROTC cadet corps commander. In addition to his activities within De Anza, he is also a representative on the WCCUSD Youth Commission, representing not only the voices of De Anza, but the voices of all students across our school district. As a newly appointed member on the CBOC, he hopes to provide powerful insight that can be beneficial to our WCCUSD student body; creating both a sense of unity and trust between our students and our district.

Leisa Johnson, Richmond Resident, 2016-2018

Subcommittee: Bylaws (Chairperson)

Peter Chau, Richmond Resident, 2014-2018

Subcommittees: Bylaws, Pinole Valley High School

CBOC Secretary 2015

Former Subcommittees: Bylaws (Chairperson), Clay Investigation

Peter was first appointed to in April 2014. He is a 12-year volunteer for public schools. Peter's interest in the CBOC is in holding the District accountable to promises made to voters

Charles Cowens, Unincorporated Area Resident, 2016-2018

CBOC Chairperson (2017)

Charley works as a technical writer for a software company. He graduated from UC Berkeley with a BA in Legal Studies. Both of his children attended WCCUSD schools through graduation.

⁴⁷ Resigned July 21, 2017 as he graduated from high school.

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Charley is returning to CBOC after previously serving on CBOC for two terms, including holding the office of Secretary. His past school district involvement includes serving for 5 years as chair of the WCCUSD Community Budget Advisory Committee; working as an officer on PTA executive boards at the site, district, and county levels; and volunteering for school district parcel tax campaigns and a bond campaign. Charley is a member of the El Cerrito Democratic Club and the Contra Costa Taxpayers Association. He wants the CBOC to be a better watchdog and a better source of useful information for the public.

Sallie DeWitt, Business Organizations, 2017-2019

salliedewitt@gmail.com

Subcommittees: Annual Report (2016 Chairperson), Audit

Sallie attended public schools in the Bay Area and then received two degrees from UC Berkeley, a BA in History (Phi Beta Kappa) and an MBA. She and her husband, Jim DeWitt, have lived in Richmond since 1975. Their children and grandchildren attended WCCUSD schools, and, now, two great grandchildren are at Washington School. Sallie is an ardent supporter of public education. In the 1990s, she founded the Many Hands Project at Washington School and served on the Board of the West Contra Costa Ed Fund. Starting in 1995, she worked at Chevron as an Education Outreach Coordinator and budget analyst, until she retired in 2015. She is motivated to ensure all public-school students have an opportunity to achieve their full potential. Sallie joined the CBOC in January 2017, wanting to put her experience in business planning, budgeting and variance analysis to work overseeing WCCUSD's bond program.

Kathy Fleming, El Cerrito Resident, 2017-2019

Subcommittee: Annual Report (2017 Chairperson)

Kathy was appointed to the CBOC in June of 2017. She is a resident of El Cerrito and a parent of two children, the oldest of which is a student in WCCUSD. Kathy brings 30 years of public education experience as a teacher and administrator, currently in San Francisco Unified School District and formerly in the Public School District of Philadelphia. For the last nine years, Kathy has served as the Director of the SFUSD Public Education Enrichment Fund which is a \$73 Million voter-approved San Francisco general fund set-aside for enrichment, student & family support, and academic support programs. In this role, Kathy is responsible for leading planning, budgeting and accountability activities to ensure funds are expended per legislation and school board approved annual budgets and plans. Kathy welcomes her opportunity to serve on the CBOC.

Denise Gianni, Taxpayers Organization, 2017-2019

Subcommittee: Site Tours

My husband, son and I have been Richmond residents since 1985. Our son attended Valley View Elementary, for two years, then Carquinez Middle School, and his Freshman year at John Swett high school. Dissatisfied with the education there, he/we used the Independent Study Program, through the WCCUSD, and a local homeschool group for his sophomore, junior and senior years. He had two graduations, in 2001, and had a most memorable high school experience! I was involved with the PTA's in Richmond and Crockett, and of course with the

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homeschool group. I KNOW what a good education is, and it stems from the basics: reading, writing (spelling and punctuation included!) and arithmetic! No social engineering or politics. As our property tax bill increased, significantly, over the years, I became involved in local citizens groups, and joined CoCoTax in 2016. I was appointed to the CBOC, this year, to fill the position of Tax Payer Organization, and I take the job VERY seriously!! The taxpayers, in WCCUSD have paid enough taxes. Let us work with the district to spend those millions of dollars wisely and efficiently! Our school are tied to our property and its value, and I want the most for us, and the taxpayers in this district.

Don Gosney, Richmond Resident, 2008-2012 and 2015-2019

Former Subcommittees: Bylaws (Chairperson), Audit (Co-Chairperson), Website (Chairperson), Nystrom Subcommittee

Don was first appointed to the CBOC in 2008, and he served two terms before terming out. He was reappointed in 2015 and since 2016 represents Richmond. Don attended high school in West County and graduated from JFK in 1972. He later studied theoretical physics at UC Berkeley and then worked for 47 years building petro-chemical complexes. Don is interested in serving on the CBOC because he says that every project needs another set of eyes looking at it to make sure it's done right, done economically, and done serving the best interests of the owner (in this case, the people). Don has worked with the Bond Program since before it first went to the voters in 1998.

Auna Harris, San Pablo Resident, 2016-2018

*Subcommittees: WCCUSD Forensic Investigation Implementation Task Force
Former Subcommittee: Audit (Chairperson)*

An accomplished finance and administration executive successful at leveraging career experience to enhance organizational effectiveness overseeing administration specializing in accounting and finance operations, payroll and human resources administration, IT processes and facilities management. An internal consultant to executive and management teams in decision analysis, financial analysis, business process analytics, organizational process improvement and change management. Talented in creating strategic alliances and building effective coalitions to support key organizational initiatives. With more than 15 years of professional finance administration revenue allocation and cost recovery experience working both for Marin County as Chief of Sheriff's Fiscal Services and Director of Finance and Facilities with the Superior Court of California, Alameda County, and as Director of Human Resources for the California HealthCare Foundation, HR Senior Manager with the San Francisco Chronicle and Payroll Personnel Manager with UC Berkeley, Ms. Harris brings a broad and diverse range of skills to the CBOC and previous advisory experience serving on appointments with West Contra Costa Economic Opportunity Council and previously with the City of San Pablo Community Foundation and currently serving on Board of Directors for Girls Inc. of West Contra Costa County. Auna is the proud mom of 17-old son Joshua a West Contra Costa Unified Hercules High School Student

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Dennis Hicks, Building Trades Council, 2016-2018

Subcommittee: Site Tours (Chairperson), Pinole Valley High School

Dennis previously served one term on the CBOC from August 2013 to July 2015. He is a graduate of El Cerrito High School and earned an AA from Contra Costa Community College. Dennis has 41 years of experience working as an Electrician. He has been a Member of the IBEW and Contra Costa Building and Construction Trades. During the last 16 of those years, he was working as a Construction Coordinator at a local Refinery. Dennis is a firm believer that our schools must be well built and maintained, without overburdening the taxpayers.

Anton Jungherr, City of Hercules Representative January 2004 – July 2006, Board of Trustee Representative May 2009 – April 2010, Senior Citizen Representative May 2010 – April 2011, Board of Trustee Representative February 2015 – November 2015, Contra Costa Taxpayers Association Representative December 2015 – February 2017, City of Hercules Representative March 2017 – February 2019

Jungherr3@aol.com, 510.697.7212

CBOC Secretary 2016

Subcommittees: Website, Audit, Bylaws

Anton was first appointed to the CBOC in 2004 and served as Secretary and Executive Director (volunteer) and Audit (co-chair). Anton is a Co-Founder of the California League of Bond Oversight Committees and has served as Board Director, and Executive Director. Anton served as Associate Superintendent Berkeley Unified School District, CA; Deputy Superintendent for San Francisco Unified School District, CA; Deputy Superintendent of Yonkers School District, NY. Anton is the coauthor of *Operational PPBS (Planning -Programming-Budgeting-Systems for Education.)* He earned his Master of Education degree in Educational Administration from Columbia University, received a Master of Public Administration degree from Syracuse University and a B.S. in Business Administration from the University of Connecticut.

Chris Kelley, Hercules Resident, 2015-2017

CBOC Vice Chairperson 2016

Subcommittees: Annual Report, Reports, Executive, Bylaws

Chris was nominated to the CBOC by the Hercules City Council. Early in her career, she taught English as a Second Language in Taiwan & San Francisco, later becoming a foreign student advisor. For the past 25 years, Chris has worked in human resources and administrative management for various small businesses in the fields of finance, marketing, design, and technology. She currently serves on the Hercules City Council, and co-chairs city subcommittees on public safety/traffic and economic development. Chris attended public schools K-12 in West L.A. She graduated from U. C. Berkeley with a B. A., majoring in Political Science, with a concentration in Chinese politics; and a minor in Western Philosophy.

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Antonio Medrano, Senior Citizen Organization, 2015-2017

Subcommittee: Audit

Antonio is a Retired Teacher, at both college and high school levels. He is also a former School Board Trustee (2008-2012), community activist, and ACLU chapter chair for Berkeley/West County. Antonio is a Member of the WCCUSD Budget Advisory Committee and the Coalition for Immigrant Rights. He is a resident of Montalvin Manor in San Pablo.

Cameron "Mac" Moore, Parent and PTA, 2016-2018

CBOC Secretary 2017

Mac has lived in West County for 15 years and has two kids in WCCUSD schools. He has a B.A. in Mathematics and Anthropology from Middlebury College in Vermont, and an M.B.A. in Finance from New York University. After a career in finance in New York City, Mac has worked in the solar energy industry for over 20 years, most recently for a company that develops and operates large solar power projects. He joined the CBOC because he believes that all children should be able to attend safe and attractive public schools.

Devin Murphy, Pinole Resident, 2016-2018

Subcommittee: Pinole Valley High School, Website (Chairperson)

Devin was first appointed to the CBOC in November 2016. He serves as the representative for the City of Pinole. His interest in serving the CBOC stems from his clear investment in educational equity and access and his passion to serve the greater Contra Costa community. He received his BA from the University of California, Los Angeles (UCLA) and is a business and community leader.

Stephen Purser, Unincorporated Area Resident, 2014-2018

CBOC Vice Chairperson 2017

Liaison to WCCUSD Facilities Subcommittee

Subcommittees: Pinole Valley High School (Chairperson) Subcommittee: Website (Chairperson), Site Tours

Stephen is currently serving his second two-year term as a representative from unincorporated Richmond. After receiving his public education in local public schools, he attended Contra Costa College and then transferred to San Jose State where he received his BA in health science and later a Masters' degree in Public Health and School Health. Stephen worked in the field of community health administration for 30 years and recently retired from the California Department of Public Health. Stephen is married and enjoys traveling and working in his garden.

Davis Toddhunter, El Cerrito Resident, 2017

Gregg Visineau, Senior Citizen Organization, 2017-2019

gvisineau@gmail.com, 510.236.0761

Subcommittees: Annual Report, Audit

I have been a member of the CBOC since April 2017. I have been involved in District affairs much longer. My family and I are 35-year residents of El Cerrito, with two grown sons who

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attended Castro Elementary, Portola Middle and El Cerrito High Schools beginning in 1993. We have been active PTA members, Site Council members and school parents throughout that time. We have witnessed firsthand an activist Superintendent (with a quiescent Board) lead the District to bankruptcy in the late 1980's. Recently we have witnessed activist Board members (with a laissez faire Superintendent) lead the District into Grand Jury, Securities & Exchange Commission and Forensic Accounting investigations. I have regularly attended Board of Education, CBOC, Audit, Facilities Subcommittee and Governance Subcommittee meetings. I have presented written and oral Public Comments to all of them on topics as diverse as bond funding for technology purchases; conflicts of interest for Board members; and learning from past school design and construction errors to improve on future projects. My education includes degrees in mechanical engineering, naval architecture and business. My professional skills reflect time spent in mergers and acquisitions; economic and project analysis; strategic planning; emergency response; project finance; supply chain management; logistics and trading; and asset management.

APPENDIX K: Quick Guide to WCCUSD Fiscal Year 2017 Audits

TWO AUDITS FOR CBOC REPORTING

① The District's Fiscal Year 2017 "*Bond Fund Financial Audit*":

"2010 Measure D and 2012 Measure E Bond Building Fund, West Contra Costa Unified School District, Financial Audit for the Fiscal Year Ended June 30, 2017", by Christy White Associates (CWA).

② The District's FY 2017 "*Bond Program Performance Audit*":

"Final Report, West Contra Costa Unified School District, Bond Performance Audit Report for the Fiscal Year Ended June 30, 2017", by Moss Adams LLP (MA).

Special Note re: The District's FY 2017 "*Comprehensive Financial Audit Report*"

These two audits are separate and distinct from the District's "Independent Auditor's Report" (i.e., the "*Comprehensive Financial Audit Report*") – also an annual requirement – which does not receive direct CBOC oversight. It is prepared and delivered on a schedule similar to the audits here, but is much wider in scope, covering all capital and operating expenses (and revenues) for the District's full operations, not just local bond funds for facilities construction.

THREE REPORTING MILESTONES

① Joint Discussion: On March 14, 2018 the CBOC and the Board of Education, along with District staff and the auditors from Christy White and Moss Adams, held a joint discussion of the Christy White Associates (CWA) "Bond Fund Financial Audit" for FY 2017 and the Moss Adams LLP (MA) "Bond Program Performance Audit" for FY 2017.

② Board Action: On March 21, 2018 the Board officially received and accepted the CWA Financial Audit and the MA Performance Audit, each covering FY 2017 (July 1, 2016 – June 30, 2017).

③ CBOC Action: On April 18, 2018 the CBOC received and accepted the CWA Financial Audit and the MA Performance Audit, each covering FY 2017 (July 1, 2016 – June 30, 2017).

FOUR ACCOUNTABILITY REQUIREMENTS

The full accountability requirements for local school bond funds are listed in the California State Constitution, in its article on Taxation, in the section on Property Taxes. In particular and as referenced verbatim in Appendix O as California State Constitution Article XIII A, Section 1(b)(3), such "bonded indebtedness [is subject to] all of the following accountability requirements:

- A. "A requirement that the proceeds from the sale of the bonds be used only for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real

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property for school facilities, approved by 55 percent of the voters; and not for any other purpose, including teacher and administrator salaries and other school operating expenses”.

- B. “A list of the specific school facilities projects to be funded and certification that the school district board has evaluated safety, class size reduction, and information technology needs in developing that list”.
- C. “A requirement that the school district board conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed”.
- D. “A requirement that the school district board conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects”.

“YELLOW BOOK” AUDIT STANDARDS

From the U S General Accounting Office, Office of the Comptroller General

“The Generally Accepted Government Auditing Standards [GAGAS], also known as the Yellow Book, provide a framework for conducting high quality audits with competence, integrity, objectivity, and independence. The Yellow Book is for use by auditors of government entities, entities that receive government awards, and other audit organizations performing Yellow Book audits.”

“The Yellow Book is the book of standards and guidance for auditors and audit organizations, outlining the requirements for audit reports, professional qualifications for auditors, and audit organization quality control. Auditors of federal, state, and local government programs use these standards to perform their audits and produce their reports.”

From Christy White Associates “Bond Fund Financial Audit” for FY 2017

“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* [aka GAGAS, or the “Yellow Book”], issued by the Comptroller General of the United States.⁴⁸

From Moss Adams LLP “Bond Program Performance Audit” for FY 2017

“We conducted this Bond Program performance audit in accordance with GAGAS [aka the “Yellow Book”]. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives.”⁴⁹

⁴⁸ Christy White Associates “Bond Fund Financial Audit”, Transmittal Letter.

⁴⁹ Moss Adams LLP “Bond Program Performance Audit”, Transmittal Letter/Executive Summary.

APPENDIX L: Fiscal Year 2017 “Effectiveness and Results” Performance Audit

Audit Scope and Summary of Improvement Recommendations

Beginning in FY 2017 (July 1, 2016 – June 30, 2017), Moss Adams LLP conducted a “yellow book” performance audit of the District’s bond program “effectiveness and results”, as scoped in the Table below with 22 Audit Objectives in addition to its basic “Prop 39 compliance” performance audit.⁵⁰ This resulted in 18 total Improvement Recommendations [numbered (1) - (18) in the table below]:

- 2 recommendations from the basic “Prop 39 compliance” piece
- 16 recommendations from the 22 “effectiveness and results” Audit Objectives

Six of the 22 “effectiveness and results” Audit Objectives had “No Exception Taken”, meaning that there were no Improvement Recommendations from the Auditor.

Performance Audit Objective	AUDIT SCOPE <small>Note 1</small> IMPROVEMENT RECOMMENDATIONS <small>Note 2</small>
Prop 39	<p><u>Conduct a [basic Prop 39 compliance] Performance Audit</u> (1) “The District should consult with its legal counsel to determine if costs incurred for School Facility Consultants is allowable under the terms of the Bond measure language.” (2) “The District should implement processes and controls needed to provide supporting documentation to validate the applicability and accuracy of labor charged to the Bond Program.”</p>
No. 1	<p><u>District and Professional Services Staffing Plan for the Bond Program</u> (3) “The Staffing Plan should be updated to correlate Bond Program projects to Bond Program planning, design, and construction needs.”</p>
No. 2	<p><u>Design and Construction Schedules Cash Flow Analysis</u> (4) “The District should periodically provide a cash flow report to the Board and the CBOC, to project the availability of cash on a project-by-project basis, by funding source.”</p>
No. 3	<p><u>Design and Construction Budget Management</u> (5) “The District should develop and implement policies and procedures for budget establishment and management activities for the Bond Program.”</p>
No. 4	<p><u>Bidding and Procurement Procedures</u> (6) “The District should ensure that adequate documentation as evidence of a competitive solicitation and procurement process is maintained to comply with District policies and procedures and/or PCC, CUPCCAA, and other laws and regulations.”</p>

⁵⁰ See Appendix R, “WCCUSD Performance Audits and Agreed-Upon-Procedures Reports, 2003 - 2017”, for a listing of previous WCCUSD performance audits.

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Performance Audit Objective	AUDIT SCOPE ^{Note 1} IMPROVEMENT RECOMMENDATIONS ^{Note 2}
No. 5	<u>Procurement Fraud Prevention and Detection Controls</u> (7) "The District should continue to review all relevant contracting laws and guidelines and ensure that systems and controls are in place to work within the confines specified."
No. 6	<u>Bond Program Master Planning and Reporting</u> (8) "For Bond Program reporting to the CBOC, Facilities Subcommittee and the Board, the District should ensure that adequate controls and budget management practices are applied to manage to the estimated project budgets identified within the master plan, especially as the dollar value of planned projects currently outweighs available Bond funding."
No. 7	<u>Cost, Schedule, Budgetary Management, and Reporting Controls Implementation</u> (9) "See individual improvement recommendations for" Objectives No. 2, 3, 6 and 10.
No. 8	<u>Claim Avoidance and Control Procedures</u> (10) "Written policies and procedures for proactive claims avoidance should be created and added to a comprehensive Bond Program policy and procedure manual."
No. 9	<u>Materials Specifications</u> No Exception Taken
No. 10	<u>Cost Benefit and Value Engineering Analyses</u> (11) "As a best practice, the District should ensure defined and documented policies and procedures and roles and responsibilities are in place for cost benefit analysis and value engineering for its projects."
No. 11	<u>Maintenance of District Assets Funded by Local Bond and Warranty Conditions Compliance</u> (12) "As a best practice, the District should ensure compliance with all warranty conditions to sustain a level of protection against breach of warranty and proper maintenance of District facilities in accordance with warranty conditions."
No. 12	<u>Implementation of Schedule Quality, Scope, and Performance Management Controls</u> (13) "See individual improvement recommendations for" Objectives No. 2, 6, 10, 15, 22.
No. 13	<u>Change Order Management and Controls Application</u> No Exception Taken
No. 14	<u>Contractor Billing Compliance Controls</u> No Exception Taken
No. 15	<u>Project Close-Out Controls</u> (14) "The District should compile a consolidated project close-out checklist to ensure turnover of documentation by contractors and completion of all critical tasks prior to release of final payment."

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Performance Audit Objective	AUDIT SCOPE <small>Note 1</small>
	IMPROVEMENT RECOMMENDATIONS <small>Note 2</small>
No. 16	<u>Post-Financing Review</u> (15) "As a best practice, the District should have established pricing goals and requirements included within their policies and procedures."
No. 17	<u>Refunding of Outstanding Bonds</u> No Exception Taken
No. 18	<u>Arbitrage and Investments</u> No Exception Taken
No. 19	<u>Timeliness of Payments</u> (16) "The District's Facility Planning and Construction Department should ensure that each invoice, whether obtained in hard or electronic copy, is signed/stamped as received to indicate the initialization of the payment process."
No. 20	<u>Local Participation Requirements</u> (17) "The District should maintain and report on local capacity for its Bond Program projects and review reports on a periodic basis to determine if the intention of the LCBP is being fulfilled."
No. 21	<u>CBOC Compliance</u> No Exception Taken
No. 22	<u>Transparency of Bond Program</u> (18) "The District should consider providing all relevant Bond Program information on the website in a consistent location and in an organized manner." Also: "The District should create a comprehensive Bond Program policies and procedures manual for presentation to the Board."

"No Exceptions Taken" (shaded rows above) means there were no Observations made of this Objective during the audit which resulted in an Improvement Recommendation from the Auditor.

This applies to 6 of the Audit Objectives shown above.

Note 1: Audit Scope

The Audit Scope descriptions shown above for each Performance Audit Objective are verbatim from the "*Bond Program Performance Audit*" for FY 2017.

Note 2: Improvement Recommendations

The Improvement Recommendations shown above for each Performance Audit Objective are verbatim from the "*Bond Program Performance Audit*" for FY 2017.

For brevity, only the opening sentence(s) are listed in the Table; see the full audit report for the entirety of each Improvement Recommendation.

There are 18 of these Improvement Recommendations, numbered consecutively (1-18) in the Table above. There are two recommendations for the basic "Prop 39 compliance" piece of the performance audit. There are an additional 16 Audit Objectives from the "effectiveness and results" piece of the performance audit which resulted in Improvement Recommendations.

APPENDIX M: Measure D & Measure E - *Listed Projects*

Source: California League of Women Voters of California Education Fund via "smartvoter.org"

June 8, 2010 Election Measure D: \$380,000,000	November 6, 2012 Election Measure E, \$360,000,000
"PRIORITY SCHOOL PROJECTS LIST"	"PROJECT LIST"
"School Renovation, Repair and Upgrade Projects"	
Repair, upgrade and replace worn-out leaking roofs.	← Same as Measure D (indicated at left)
Replace existing wiring systems to meet current electrical and accessibility codes.	← Same as Measure D (indicated at left)
Additional electrical service capacity to relieve currently overloaded electrical systems.	← Same as Measure D (indicated at left)
Replace existing water, sewer, plumbing and storm drain systems to meet current codes, including the elimination of lead-containing fixtures.	← Same as Measure D (indicated at left)
Upgrade aging and deteriorating school restrooms.	← Same as Measure D (indicated at left)
Replace older ceilings, heating, ventilation, air conditioning and lighting systems with building code compliant, energy efficient systems.	← Same as Measure D (indicated at left)
Install code-compliant ventilating systems in restrooms.	Not Listed in Measure E
Provide improved, upgraded computer labs.	← Same as Measure D (indicated at left)
(1) Upgrade and equip classrooms, science labs, multipurpose rooms, physical education facilities, kitchens, auditoriums, libraries, arts and music rooms, childcare, preschool, adult education and educational support spaces.	Upgrade and equip classrooms, science labs and multipurpose rooms and facilities. See also (1) below
Classroom interiors will receive new paint, carpet/vinyl tile/asbestos abatement, white marker boards, tackable surfaces, storage for instructional materials and equipment.	Not Listed in Measure E
(2) Federal and State-mandated Americans with Disabilities Act (ADA) accessibility upgrades including site access, parking, staff and student restrooms, relocation of some existing electrical devices, drinking fountains, playground equipment, etc.	Not Listed here; see (2) below for Measure E
Replace old, portable classrooms.	← Same as Measure D (indicated at left)
Repair aging schools.	← Same as Measure D (indicated at left)

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June 8, 2010 Election Measure D: \$380,000,000	November 6, 2012 Election Measure E, \$360,000,000
“PRIORITY SCHOOL PROJECTS LIST”	“PROJECT LIST”
“School Health, Safety and Security, Earthquake Safety and Energy Efficiency School Projects”	
Install new security systems, such as security (surveillance) cameras, outdoor lighting, fencing, gates and classroom door locks.	← Same as Measure D (indicated at left)
Remove or abate asbestos, lead paint, mold and hazardous materials.	← Same as Measure D (indicated at left)
Upgrade emergency communication systems.	← Same as Measure D (indicated at left)
Fire alarm systems upgraded to automatic systems, repair fire safety equipment, add sprinklers and fire safety doors.	← Same as Measure D (indicated at left)
Upgrades to schools to meet handicap accessibility requirements.	← Same as Measure D (indicated at left)
Acquire and install a card access system.	Not Listed in Measure E
Inspect for/repair gas pipe leaks.	Not Listed in Measure E
Replace/upgrade existing signage, bells and clocks.	← Same as Measure D (indicated at left)
Install/replace/upgrade security fencing, cameras and exterior lighting, and establish a standard of complete fencing in good repair at all schools.	Not Listed in Measure E
Replace/upgrade existing security and irrigation systems.	Not Listed in Measure E
Install energy efficient systems, including solar panels, energy efficient heating, ventilation, and cooling systems for cost savings and energy efficiency.	← Same as Measure D (indicated at left)
Replace existing window systems with energy efficient systems.	← Same as Measure D (indicated at left)
Upgrade site playground equipment replacement to meet current safety standards.	← Same as Measure D (indicated at left)
(3) Relocate or improve student drop-off areas for safety, including a separate area for buses.	Not Listed here; see (3) below for Measure E.
Inspect and improve play area fields for safety and drainage.	Not Listed in Measure E
Replace existing doors, doorframes and ceilings.	Not Listed in Measure E
Add emergency exits for faster evacuation in an emergency.	Not Listed in Measure E
Upgrade school site parking, utilities and grounds.	Not Listed in Measure E
Repair termite damage to structures and doors/door frames.	Not Listed in Measure E
Strengthen and repair schools and classrooms vulnerable to serious damage in a major earthquake, as required by State law.	Not Listed in Measure E

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June 8, 2010 Election Measure D: \$380,000,000	November 6, 2012 Election Measure E, \$360,000,000
“PRIORITY SCHOOL PROJECTS LIST”	“PROJECT LIST”
“District-Wide Wiring and Instructional Technology for Effective Learning Environment and Job Training Projects”	
Update computer labs.	Not Listed in Measure E
Provide and maintain upgraded technology, data and communication equipment.	← Same as Measure D (indicated at left)
Upgrade and expand wireless systems, telecommunications, Internet access.	← Same as Measure D (indicated at left)
Upgrade and replace computers, hardware and software systems.	← Same as Measure D (indicated at left)
Upgrade and replace classroom furniture, equipment and instructional aids.	← Same as Measure D (indicated at left)
Upgrade media and audio/visual equipment.	← Same as Measure D (indicated at left)
Expand bandwidth to allow student greater access to the Internet.	← Same as Measure D (indicated at left)
Install up-to-date learning technology and equipment used in job training programs.	← Same as Measure D (indicated at left)
No Further Projects (or Project Categories) Listed in Measure D	“New Construction Education Enhancement/ Class Size Reduction Projects at School Sites”
Similar to (1) above for Measure D →	(1) Multi-purpose rooms, including the cafeteria, serving kitchen, staff and student bathrooms, storage, educational support spaces, and classrooms.
Not Listed in Measure D	New classrooms/classroom buildings, which will reduce dependency on portable classrooms.
Not Listed in Measure D	Lunch shelters, playground equipment and playground storage for outdoor activities.
Similar to (2) above for Measure D →	(2) ADA accessibility upgrades as mandated by the Division of the State Architect (DSA).
Not Listed in Measure D	Additional electrical service capacity.
Not Listed in Measure D	Additional staff and student restrooms.
Similar to (3) above for Measure D →	(3) Additional staff, visitor and student parking/drop-off areas.

Ballot Wording⁵¹

Measure D: “To make schools safe, complete essential health/safety repairs, qualify for State matching grants, shall West Contra Costa Unified School District upgrade schools for earthquake safety/handicap accessibility, remove asbestos, upgrade restrooms, vocational classrooms/technology/energy systems to reduce costs, install lighting and security systems, acquire, repair, construct, equipment/sites/facilities, by issuing \$380,000,000 in bonds within legal rates and bonding capacity limits with independent audits, citizen oversight, and no money for administrators’ salaries?”

Measure E: "To make schools safe, complete essential health/safety repairs, qualify for State matching grants, shall West Contra Costa Unified School District upgrade schools for earthquake safety and handicap accessibility, remove asbestos, upgrade science labs, restrooms, vocational classrooms, technology and energy systems to reduce costs, install lighting and security systems, and acquire, repair, construct, equipment, sites and facilities, by issuing \$360,000,000 in bonds within legal rates and bonding capacity limits with independent audits, citizen oversight, and no money for administrators’ salaries?"

⁵¹ Ballot wording and election results are readily available from the *Ballotpedia* website. The full text of the ballot measure – not just what appears on the sample & actual election day ballots (directly above) – is archived by the *California League of Women Voters of California Education Fund* and is the basis for transcribing the WCCUSD Measure D and Measure E “Listed Projects” quoted in the table above (from the “smartvoter.org” website).

APPENDIX N: References for “*Prop 39 Bonds*”

Proposition 39, AB1908 and the California Education Code

“**Prop 39 Bonds**”: The interplay between Proposition 39, the California Education Code and the California State Constitution (facilitated by California Assembly Bill 1908), is important for understanding the auditing and other requirements which make a local school bond measure – and the management of the subsequent bond program by the school district – “Prop 39 compliant” in the eyes of the law.

Proposition 39, the “*Smaller Classes, Safer Schools and Financial Accountability Act* (School Facilities; 55% Local Vote; Bonds, Taxes; Accountability Requirements)” was passed by the voters of California in November 2000. A major element of interest to both school districts and the voters was the ability to reduce the threshold for passing a new local school bond measure from two-thirds to 55% if certain conditions were met (see Appendix O for details).

Assembly Bill (AB) 1908 was passed by the California State Assembly in June 2000, to enhance the favorability of Proposition 39 with the voters and to enable its implementation (should it pass, which it did in November 2000).

Proposition 39 and AB1908 amended the **California State Constitution** (see Appendix O) and the California Education Code.

The California Education Code, Sections 15278, 15280 and 15282, deal with the requirement for; the scope of; school district support for; and the membership of a “*Citizens’ [Bond] Oversight Committee*” (a CBOC), as a result of the passage of Proposition 39.

Sections 15264 – 15276 deal with the “*General Provisions*” of “*Strict Accountability in Local School Construction Bonds*”, but with particular reference to the above-cited provisions in the California State Constitution, as a result of the passage of Proposition 39.

From Moss Adams LLP “*Bond Program Performance Audit*” for FY 2017

“A Construction Bond Program performance audit is required for WCCUSD Measure D (2010) and Measure E (2012) Construction Bonds by Proposition 39, State Constitution Article XII A, and Education Code Section 15272. These State requirements specify that the proceeds from the sale of school facilities bonds are expended only on Listed Projects. Both the State Constitution and Education Code require an annual independent performance audit to verify Bond proceeds are used on Listed Projects. Listed Projects are defined as follows:

“School district boards are required to evaluate safety, class size reduction, and information technology needs in developing a list of specific projects to present to the voters” and “Before they vote, voters will be given a list of specific projects their bond money will be used for.”

See Appendix M for the WCCUSD’s Measure D & Measure E Listed Projects.

APPENDIX O: “Prop 39 Bonds” in The California State Constitution

Article XIII: Taxation

Article XIII A: Tax Limitation

Section 1: Ad Valorem Tax on Real Property

Subdivision (a): [Maximum 1% Ad Valorem Tax on Real Property]

Subdivision (b): “The limitation provided for in Subdivision (a) shall not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on any of the following:”

Part (3): “Bonded indebtedness incurred by a school district, community college district, or county office of education for the construction, reconstruction, rehabilitation, or replacement of school facilities, including the furnishing and equipping of school facilities, or the acquisition or lease of real property for school facilities, approved by 55 percent of the voters of the district or county, as appropriate, voting on the proposition on or after the effective date of the measure adding this paragraph. This paragraph shall apply only if the proposition approved by the voters and resulting in the bonded indebtedness includes all of the following accountability requirements [(A) – (D), below]:”

“(A): A requirement that the proceeds from the sale of the bonds be used only for the purposes specified in Article XIII A, Section 1 (b) (3) [above], and not for any other purpose, including teacher and administrator salaries and other school operating expenses.”
--

“(B): A list of the specific school facilities projects to be funded and certification that the school district board, community college board, or county office of education has evaluated safety, class size reduction, and information technology needs in developing that list.”
--

“(C): A requirement that the school district board, community college board, or county office of education conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.”
--

“(D): A requirement that the school district board, community college board, or county office of education conduct an annual, independent financial audit of the proceeds from the sale of the bonds until all of those proceeds have been expended for the school facilities projects.”
--

APPENDIX P: Securities and Exchange Commission (SEC)
Findings Letter



UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
SAN FRANCISCO REGIONAL OFFICE
44 Montgomery Street
SUITE 2800
SAN FRANCISCO, CALIFORNIA 94104

DIRECT DIAL: 415-705-2500
FAX NUMBER: 415-705-2501

JULY 12, 2017

VIA EMAIL at jgonzalez@nixonpeabody.com

Jason Gonzalez
Nixon Peabody
Gas Company Tower
555 West Fifth St., 46th Floor
Los Angeles, CA 90013-1010

Re: West Contra Costa Unified School District, SF-03910

Dear Mr. Gonzalez:

We have concluded the investigation as to West Contra Costa Unified School District. Based on the information we have as of this date, we do not intend to recommend any enforcement action by the Commission. We are providing this notice under the guidelines set out in the final paragraph of Securities Act Release No. 5310, which states in part that the notice "must in no way be construed as indicating that the party has been exonerated or that no action may ultimately result from the staff's investigation." (The full text of Release No. 5310 can be found at: <http://www.sec.gov/divisions/enforce/wells-release.pdf>.)

Sincerely,

A handwritten signature in black ink, appearing to be "M. Winkler".

Monique C. Winkler
Assistant Regional Director

APPENDIX Q: 2016 Forensic Accounting Investigation (FAI) Recommendation Implementation WCCUSD Reports

Implementation Plan Update Forensic Accounting Investigation Report dated September 2016
Facilities Subcommittee Meeting January 17, 2017 Link:

<https://www.wccusd.net/cms/lib03/CA01001466/Centricity/domain/40/2016-2017/1-17-17/D.3%20Implementation%20Plan%20Update%20Facilities%20Sub%201.17.2017%20MP.pdf>

Implementation Plan Update Forensic Accounting Investigation Report dated September 2016
Facilities Subcommittee April 18, 2017 Link:

<https://www.wccusd.net/cms/lib03/CA01001466/Centricity/domain/40/2016-2017/fsc%204.18.17/D.1%204-18-17%20Implementation%20Plan%20Update%20FINAL%20REVISED.pdf>

Phase II Forensic Accounting Investigation Report Implementation Plan (DRAFT) West Contra
Costa Unified School District July 2017 Link:

<https://www.wccusd.net/cms/lib/CA01001466/Centricity/Domain/40/2017-2018/2017.7.18%20FSC/D.6b%20%20Forensic%20Investigation%20Draft.pdf>

Implementation Plan Update Forensic Accounting Investigation Report dated September 2016
Facilities Subcommittee July 18, 2017 Link:

<https://www.wccusd.net/cms/lib/CA01001466/Centricity/Domain/40/2017-2018/2017.7.18%20FSC/D.6a%207.18.17Implementation%20Plan%20Update.pdf>

Implementation Plan Update Forensic Accounting Investigation Report dated September 2016
Facilities Subcommittee October 17, 2017 Link:

<https://www.wccusd.net/cms/lib/CA01001466/Centricity/domain/40/2017-2018/2017.10.17/D.2.Implementation%20Plan%20Update%20rev.pdf>

Board of Education 2017 meetings

Implementation Plan Update Forensic Accounting Investigation Report dated September 2016
Board of Education Meeting February 15, 2017 Link:

<https://westcontracosta.agendaonline.net/public/Meeting/Attachments/DisplayAttachment.aspx?AttachmentID=171386&IsArchive=1>

Implementation Plan Update Forensic Accounting Investigation Report dated September 2016
Board of Education November 15, 2017 Link:

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<https://westcontracosta.agendaonline.net/public/Meeting/Attachments/DisplayAttachment.aspx?AttachmentID=239666&IsArchive=1>

Matrix of Recommendations as of October, 2017 Link:

<https://westcontracosta.agendaonline.net/public/Meeting/Attachments/DisplayAttachment.aspx?AttachmentID=239651&IsArchive=1>

APPENDIX R: 2003 - 2017 WCCUSD Performance Audits and Agreed-Upon-Procedures Reports

On November 7, 2000 California voters approved Proposition 39 (School Bonds 55%) that amended California Construction to lower the approval threshold for school district general obligation bonds from two-thirds (2/3) voter approval to 55% voter approval. Proposition 39 required school districts, that had bonds approved by this new 55% provision to, “,,, conduct an annual, independent performance audit to ensure that the funds have been expended only on the specific projects listed.”⁵²

Proposition 39 Performance Audits California Legislative History

June 27, 2000: Governor approved an amendment to Education Code Section 15278 that provides, among other things, for the establishment of CBOCs and that CBOC may engage in “receiving and reviewing” the annual independent performance audit. This legislation was approved prior to the approval Proposition 39 “in an effort to increase voter acceptance for Proposition 39”⁵³

September 23, 2010: For the first time Government Auditing Standards were required for the conduct of performance audits.

September 6, 2011: Performance audits for the preceding fiscal year shall be submitted to the CBOC by March 31 of each year.

August 12, 2013: Performance audits must be submitted to CBOC at the same time they are submitted to school district.

April 12, 2013: District must response to CBOC, within 3 months of receiving the audit, on auditor’s recommendations

August 27, 2013: Requires State Controller to provide “Standards and Procedures” for annual audit guide starting for the Fiscal Year 2016.

Government Auditing Standards (2011 Revision) Also Know as Yellow Book⁵⁴

“Performance audits are defined as audits that provide findings or conclusions based on an evaluation of sufficient, appropriate evidence against criteria.”⁵⁵

⁵² California Constitution, Article XIII (b) (3) (C).

⁵³ Citizens Oversight Committees Requirements and Guidelines, Bowie, Arneson, Wiles & Giannone, September 24, 2001.

⁵⁴ Government Auditing Standards, 2011 Revision, By the Comptroller General of the United States, December 2011, United States Government Accountability Office.

⁵⁵ Ibid., page 17.

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Government Auditing Standards prescribe four categories of performance audit objectives:

- Compliance audit objectives relating to criteria established by law. For Proposition 39 bonds the California Constitution requires the performance audit to determine that bond funds were spent on voter approved projects and that no bond funds were used for any teacher or administrative salaries, except bond program employees, or other school operating expenses.
- Program effectiveness and results audit objectives typically measure the extent to which a program is achieving its goals and objectives. Audit objectives that focus on economy and efficiency address the costs and resources used to achieve program results. This is the most comprehensive audit and is the type of audit that would provide the public with the best information to oversee school bond construction programs.
- Internal controls objectives relate to an assessment of an organization's system of internal controls. This category is generally not used for Proposition 39 school construction performance audits.
- Prospective analysis audit objectives provide analysis or conclusions about information that is based on assumptions about events that may occur in the future. This category is not used for Proposition 39 school construction performance audits.

Types of WCCUSD Performance Audits and Reports, 2003 - 2017

The table below displays the performance audits and agreed-upon-procedures reports performed on the District's bond construction program for the fifteen (15) Fiscal Year 2003 to 2017 (July 1, 2002 to June 30, 2017):

"Type of Report", as used in the table below, are defined as follows:

- Performance Audit: Compliance audit objectives relating to criteria established by law. For Proposition 39 bonds the California Constitution requires the performance auditor to determine that bond funds were spent on voter approved projects and that no bond funds were used for any teacher or administrative salaries, except bond program employees, or other school operating expenses.

In addition, for the table below, it includes program effectiveness and results audit objectives that typically measure the extent to which a program is achieving its goals and objectives. Audit objectives that focus on economy and efficiency address the costs and resources used to achieve program results. (See Appendix L, "*Fiscal Year 2017 Effectiveness and Results Performance Audit*")

- Performance Audit, Compliance Only: Same as above.

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- Agreed-Upon Procedures Report: The School District assumes responsibility for the sufficiency of the procedures. "... the auditor does not express an opinion or conclusion, but only reports on agreed-upon procedures in the form of procedures and findings related to the specific procedures applied."⁵⁶

Fiscal Year	Auditor	Type of Report	Cost	No. Pages
FY2003	Total School Solutions	Performance Audit	\$187,800	117
FY2004	Total School Solutions	Agreed-Upon Procedures Report	277,800	105
FY2005	Total School Solutions	Agreed-Upon Procedures Report	277,800	149
FY2006	Total School Solutions	Agreed-Upon Procedures Report	283,434	212
FY2007	Total School Solutions	Agreed-Upon Procedures Report	321,937	160
FY2008	Total School Solutions	Agreed-Upon Procedures Report	306,852	152
FY2009	Total School Solutions	Agreed-Upon Procedures Report	325,539	195
FY2010	Total School Solutions	Agreed-Upon Procedures Report	342,364	169
FY2011	Total School Solutions	Performance Audit	87,000	204
FY2012	Total School Solutions	Performance Audit	101,850	200
FY2013	Total School Solutions	Performance Audit	106,943	186
FY2014	Vavrinek, Trine, Day & Company, LLP	Performance Audit, Compliance Only	142,000	7
FY2014	Vavrinek, Trine, Day & Company, LLP	Agreed-Upon Procedures Report	Included above	119
FY2015	Vavrinek, Trine, Day & Company, LLP	Performance Audit, Compliance Only	146,000	7
FY2015	Vavrinek, Trine, Day & Company, LLP	Agreed-Upon Procedures Report ⁵⁷	Included above	32
FY2016	Vavrinek, Trine, Day & Company, LLP	Performance Audit, Compliance Only	36,000	8
FY2017	Moss Adams LLP	Performance Audit	77,000	30
FY2018	Moss Adams LLP	Performance Audit	75,000	open
FY2019	Moss Adams LLP	Performance Audit	75,000	open

Effective January 1, 2014 school district governing boards are required to provide the CBOC with responses to any and all findings, recommendations, and concerns addressed in the annual independent financial and performance audits within 3 months of receiving the audits,⁵⁸

⁵⁶ Ibid. page 17.

⁵⁷ This report was combined with the performance audit, compliance only, in one document, *General Obligation Bonds Measure D (2010) and Measure E (2012) June 30, 2015*.

⁵⁸ California Senate Bill No. 581, Chapter 91, approved by the Governor on August 12, 2013, amended Education Code Section 15280 (a) (2).

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The Moss Adams LLP Performance Audit FY 2017, accepted by the Board of Education on March 21, 2018, had eighteen (18) improvement recommendations (see Appendix L) that required responses to the CBOC by June 20, 2018. As of July .20, 2018, the district has provided no responses to the CBOC and has not provided any timeline when the responses will be provided.