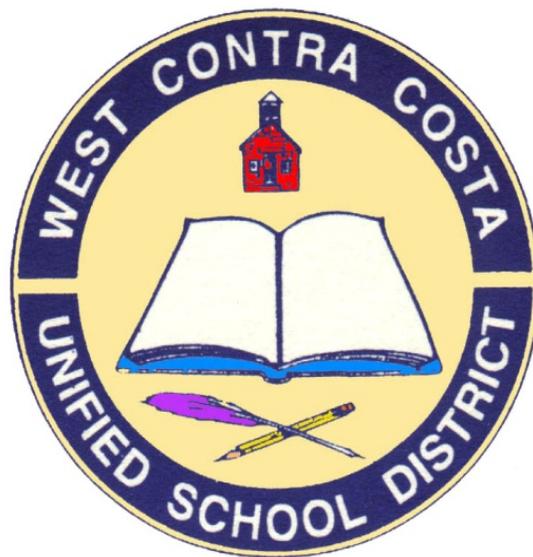


**West Contra Costa  
Unified School District**



**2016-17  
Executive Summary  
First Interim Report  
October 31, 2016**

**Board Meeting  
December 7, 2016**

## **First Interim Financial Report Overview**

Two Interim Financial Reports are routinely required by the California Department of Education each year. Districts must submit the completed reports for review to the County Office of Education who then submits them to the State.

California school district revenues and expenditures are subject to constant change. School district budgets are not static documents, but instead are constantly being revised to respond to decisions at the state and federal levels, as well as to the expenditure needs of the local agency. The First Interim Report's financial projections have been updated to reflect new information received and board action taken since the original budget adoption.

The Executive Summary includes an overview of the financial data reported in the SACS (Standardized Account Code Structure) First Interim Report. It is provided to assist the reader in understanding the information being reported on the SACS forms. The SACS forms also include supporting reports such as, Average Daily Attendance estimates, Criteria and Standards and the Multi-Year Projection report.

With each financial report the District is asked to project the general fund financial status through year-end, June 30, 2017. The Multi-year projection is then required to determine if the District will be financially solvent for two subsequent years, in this case through the 2018-19 fiscal year.

## **State Budget - District Planning**

The 2016-17 budget for the State was adopted in June. Since that time the Department of Finance has updated its information for schools and likewise, our school district has reviewed assumptions for budget development and updated information accordingly. Since the budget was adopted, Proposition 55 has extended portions of taxes available for schools. The passage of this measure does not mean new money for schools, rather it is an extension of part of the taxes implemented by Proposition 30. Proposition 55 does not extend the sales tax piece, but does extend the personal income tax for high earners, which is the more volatile of the two tax components included in Proposition 30. The Legislative Analyst's Office has indicated that the overall health of the State is stable. We hope this translates to stable funding as we move into full funding of the Local Control Funding Formula program.

This budget marks the fourth year the State has adopted funding in the Local Control Funding Formula (LCFF) mode. The LCFF completely overhauled the system of funding and implemented a new accountability model for all school districts. The new accountability program is called the Local Control Accountability Program (LCAP).

The LCAP requires a greater outreach effort to school communities and their stakeholders in order to inform and solicit input. The desired result is greater accountability for school districts and better results for students. While these results are desired, the fact is that school districts in the state are still underfunded. When compared to other states California falls well below the national average. The LCFF has increased district funding to move California closer to the national average, and the

state has provided one-time funding sources which has helped in recent years to close the gap. The problem is that one-time funding cannot support sustained programs and sustained results for students. Furthermore, during the implementation of the LCFF the state has also passed on the retiree system cost increases, literally consuming the increased funds that schools have received. It must also be noted that staff members have also seen increased deductions from their earnings for their retirement programs. If California is truly committed to greater accountability and better results for students, then increased, sustained and long term funding is necessary.

The District must plan for the increases to retiree benefit costs (STRS and PERS) and other labor related items, as well as for declining enrollment, as we make the multi-year projection. It becomes clear when doing so that cuts will have to be made to balance the budget in future years unless a greater commitment to funding is made by the State.

These are factors that the District must consider in planning future budgets. The District relies on the information provided by the State's Department of Finance for projecting revenues on each interim report and for the budget.

### **Local Control Funding Formula (LCFF)**

The Local Control Funding Formula (LCFF) collapsed the majority of State categorical programs and establishes a targeted base rate funding model with supplemental and concentration grant add-ons. The term targeted is used because the State does not expect to fully fund the LCFF until 2020-21. The targeted base includes funding amounts based upon grade span. In addition to the base funding school districts are eligible for supplemental funding for specific student groups. Supplemental funding is provided for districts based on the percentage of English Learners (EL), Foster Youth and Low Income (LI) categories as compared to total enrollment. Concentration funding is provided for the English Learners (EL), Foster Youth and Low Income (LI) students that exceed 55% or more of the student population. This grouping of students is known as the "unduplicated student count" because some students may qualify under multiple categories, but are counted only once for the purpose of the added funding.

The LCFF is now the way the entire unrestricted general fund receives its revenue. The factors that build the LCFF revenue are broken into these categories:

- Base Grant
- Grade Span Adjustments
  - K-3 Class Size Reduction
  - 9-12 Career Technical Education (CTE)
- Supplemental and Concentration

The Base Grant factors are provided by and differentiated by grade level. The add on of K-3 Class Size Reduction then ties directly to the K-3 grade levels, while the CTE ties to grades 9-12. While the factors provide the formula for district funding, there is no provision in the law requiring these funds to follow those factors for those specific programs, nor is the funding earmarked from the State into those program areas. The Supplemental and Concentration grants are funded as a percentage add on to the Base Grant, using district demographics of the "unduplicated student count". Each year the

state may apply a Cost of Living Adjustment (COLA) to the targeted base factors. The state is not providing COLA for 2016-17 according to the adopted State Budget.

The LCFF requires a planning process through the Local Control Accountability Plan (LCAP), which is a budget and accountability plan reporting model determined by the State Board of Education and fulfilled locally through the District Local Control Accountability Parent Committee (DLCAP) and the Board of Education. The LCAP is a separate document which describes how the District intends to meet annual goals for students and address State and Local priorities. The LCAP was adopted by the School Board, along with the District Budget in June.

| 2016-17 Projected Per Pupil Funding (95.2% of Target) |                 |              |               |          |
|---|-----------------|--------------|---------------|----------|
| Base  | Grade Span Adj. | Supplemental | Concentration | Total    |
| \$6,743   | \$702           | \$1,109      | \$725         | \$9,279  |
| \$6,844   |                 | \$1,020      | \$667         | \$8,531  |
| \$7,048   |                 | \$1,050      | \$686         | \$8,784  |
| \$8,166   | \$212           | \$1,248      | \$817         | \$10,443 |

### **General Fund Unrestricted**

#### **Local Control Funding Formula Revenue**

The primary source of revenue for the District is LCFF. Each year the State supplies a formula for Districts to estimate funding. The formula starts by establishing a target rate of funding, then the Governor’s budget provides for and subsequently the legislature adopts a funding gap percentage. This is the amount that districts will receive toward closing the gap toward the targeted amount for that particular year.

It is estimated that the District will receive a total of \$260,204,831 in LCFF during the 2016-17 school year. The funding consists of Base in the amount of \$210,966,648 and Supplemental and Concentration funding in the amount of \$49,238,183.

The assumptions used for this projection include:

- Funded average daily attendance: 27,258
- District unduplicated student count: 74.49%
- State Target Gap Closure: 54.18%.

The State targeted revenue for the District is \$273,311,361 so the District will receive approximately 95% of targeted funding.

#### **Other State and Local Revenue**

Other State Revenue includes State Lottery and Mandated Cost reimbursement. The estimated funding for Lottery is \$181 per pupil. The District participates in the Mandated Block Grant program and the estimated revenue for 2016-17 is \$986,000. In addition, \$6.4 million has been projected for other “one time” Mandated Cost payments.

This is a reduction of \$8.2 million from the one-time funds the District received in 2015-16. Local Revenue also consists of interest earnings and other miscellaneous revenues.

### **Education Protection Account**

Proposition 30 contained language establishing an Education Protection Account (EPA). This funding model is designed to provide relief to the cash deferrals which had been occurring during previous budget cycles. No new money is provided to school districts under the EPA. The EPA deposits count against the district's regular LCFF/student attendance funding at an estimated \$1,339 per pupil. The legislation requires that each district establish a special fund to account for these deposits and restricts the use of the funding to school service expenditures only, no administrator salaries and benefits may be charged to the fund. The District anticipates receiving \$36.5 million earmarked for the EPA fund reporting. Staff has examined the rules provided by the California Department of Education. As a result, instructional expenses related to school site staff have been placed in the EPA fund for budget for 2016-17. The Board adopted the EPA funding resolution #77-1516 on May 11, 2016.

### **Parcel Tax – Local Support for Students**

The parcel tax program includes support for a wide variety of services to students of the District. The current parcel tax funding, renewed in November of 2012, is accounted for in a locally restricted account and is subject to review by the newly formed Parcel Tax Committee. The District expects to collect \$9.7 million in 2016-17. The parcel tax is a fixed funding stream for a specific time period, it does not include any growth for increased expenses such as raises, benefit increases or new priorities. As such, budget line items must be adjusted to accommodate these items within the fixed income. The District has given raises during the 2015-16 and 2016-17 school year and the rates of retiree contributions have also gone up. The parcel tax is now shared with local charter schools who have students residing in the district. These are examples of factors that increase the cost of programs within the parcel tax for which adjustments must be made. A chart of budgeted expenses can be found in Appendix A.

The parcel tax was set to expire in 2018-19. The Board of Education placed an eight-year renewal of the parcel tax on the ballot in November 2016. The parcel tax was passed with an overwhelming majority of 75.56%, illustrating the level of commitment for educational programs shared by this community. The new parcel tax will be collected beginning the 2019-20 school year, and will expire in 2026-27.

### **Maintenance and Recreation Assessment District – MRAD**

In 1994 an effort to raise and sustain funding for the school district the District formed a Maintenance and Recreation District. In 1996 the formation of MRAD was followed by an election to continue these levies. This allows the District to levy taxes to support the maintenance and operations of fields and outdoor areas for the purpose of public use. MRAD revenue is budgeted for 2016-17 in the amount of \$5.6 million which pays for evening/after school custodial services, gardeners and outdoor capital projects.

## **General Fund Restricted**

The General Fund is the operating fund of the District; it is used to account for the day-to-day operations of the District. The fund is divided into two sections, unrestricted and restricted. Restricted funds are monies received by the District that are categorical in nature, i.e., they can only be used for the purposes allowed by the funding agency or for a designated purpose.

Restricted revenue funding is recognized in two different ways. For funding subject to deferred revenue, the revenue is only recognized once it is spent. This means that any funds received and not spent, with carryover provisions, are deferred into the next fiscal year. For funding subject to ending fund balance, the revenue is recognized in the year received and any funds remaining at the end of the year are recorded as a restricted ending fund balance.

New funding letters are received continually throughout the year adjusting and awarding various grants. Budgets and positions are added and removed based upon the funding received in any given year. Appendix B contains a list of the updated grant budget projections.

## **Multi Year Projection**

The multi-year projection for the Districts adopted budget utilizes the County Office of Education recommended assumptions. These assumptions are published by the California Department of Finance, School Services of California and the Fiscal Crisis Management Team for the development of revenue projections. Expenditure projections include estimated step and column increases as well as staffing changes based upon enrollment or expiration of one-time funding. Supply and service expenditures utilize the California Consumer Price Index as an estimate for cost increases.

The following are the assumptions used for the development of the multi-year projections.

### 2016-17 First Interim Assumptions

Funded ADA: 27,258.55  
LCFF Gap Funding Rate: 54.18%  
District Unduplicated Percentage: 74.67%  
Step and Column: 1.0%  
CalPERS Rate: 13.88%  
Cal STRS Rate: 12.58%  
Active Health Benefits: 0%  
Retiree Health Benefits: 0%  
Reserve for economic uncertainty 6%  
(Split between Special Reserve and General Fund)

### 2017-18 Assumptions

Funded ADA: 27,113.03  
LCFF Gap Funding Rate: 72.99%  
District Unduplicated Percentage: 74.22%  
Estimated Supplies Increase: California CPI: 2.26%

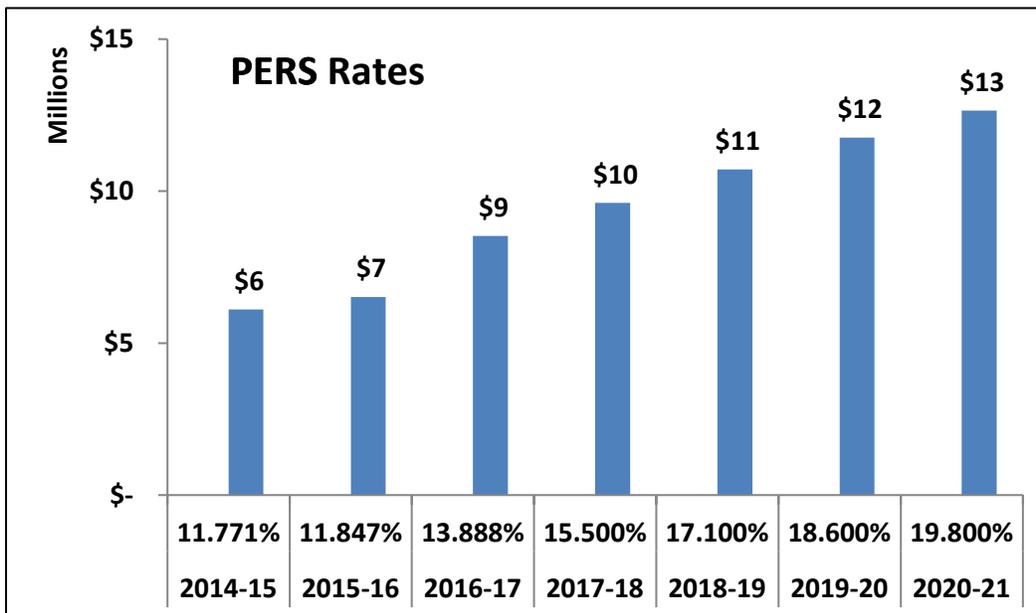
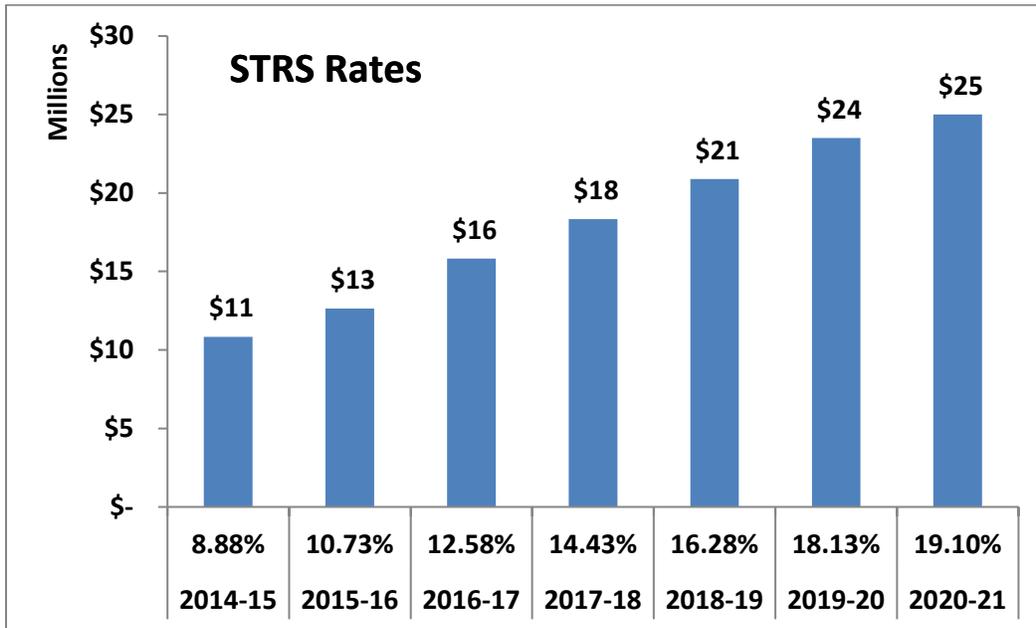
Step and Column: 1.0%  
CalPERS Rate: 15.5%  
Cal STRS Rate: 14.43%  
Active Health Benefits: 0%  
Retiree Health Benefits: 0%  
Reserve for economic uncertainty 6%  
(Split between Special Reserve and General Fund)

#### 2018-19 Assumptions

Funded ADA: 26,775.37  
LCFF Gap Funding Rate: 40.36%  
District Unduplicated Percentage: 74.11%  
Estimated Supplies Increase: California CPI: 2.42%  
Step and Column: 1.0%  
CalPERS Rate: 17.10%  
Cal STRS Rate: 16.28%  
Active Health Benefits: 0%  
Retiree Health Benefits: 0%  
Reserve for economic uncertainty 6%  
(Split between Special Reserve and General Fund)

#### **Retirement System Increases**

There are two retirement systems that cover employees working in school districts. STRS is the State Teachers Retirement System and CalPERS is the California Public Employee Retirement System. STRS covers teachers and staff members who are credentialed. CalPERS covers classified employees such as clerical, maintenance and paraprofessionals. STRS has known for many years that it was operating with a large unfunded liability, however did not increase the rate. Beginning in the 2015-16 school year the legislature adopted a State budget which, over time, funds the outstanding State liabilities for STRS and CalPERS. The budget enacted a series of high cost rate increases for School Districts and also increased the employee participation rates. The proposed rates for 2017-18 and 2018-19 are included in the multi-year projection. The following graph illustrates the 7-year expense trajectory for West Contra Costa's STRS and PERS contributions.



The combined cost related to the rate increase for 2016-17 is \$5.2 million, for 2017-18 it is projected to be \$3.6 million, 2018-19 the projection is \$3.7 million with similar increase levels each year thereafter. These increases consume revenue growth year over year. For instance, in 2017-18 the District expects an increase in LCFF Base funding of \$2.7 million, the retiree increase is \$3.6 million exceeding the District's Base growth by \$900 Thousand.

**Deficit Spending**

During budget development, and as the District works on interim financial statements, it is important to plan toward eliminating deficit spending if deficits are anticipated in the coming years. Deficit spending can be tracked by monitoring the ending fund balance each year. Strictly speaking it is the comparison of current year revenues to current year expenses. It is reflected in the State reports and is described as the net decrease in fund balance.

During the 2010 fiscal year the unrestricted ending fund balance declined and the trend was projected to continue starting 2016-17 through 2018-19. While this is not a desirable trend, the fund balance had been carefully monitored to make sure the appropriate funds are in place for the required 3% reserve. The following table illustrates the unrestricted ending fund balance for each year end closing plus the projections for fund balance which are included in the multi-year projection.

| June 2011                | June 2012    | June 2013    | June 2014     | June 2015     |
|--------------------------|--------------|--------------|---------------|---------------|
| \$18,438,898             | \$23,376,077 | \$23,376,077 | \$21,992,229  | \$22,217,132  |
| Net Increase (Decrease): | \$4,937,179  | \$0          | (\$1,383,848) | \$224,903     |
| Multi-Year Projection    | June 2016    | June 2017    | June 2018     | June 2019     |
|                          |              |              | projected     | projected     |
| Fund Balance             | \$49,306,872 | \$50,623,425 | \$45,615,744  | \$37,640,889  |
| Net Increase (Decrease): | \$27,089,740 | \$1,316,553  | (\$5,007,681) | (\$7,974,855) |

As you can see, the fund balance increased dramatically during the 2015-16 fiscal year. This is due partly to an influx of one-time funding and also due to the fact that negotiated settlements were made prospectively (without a large retroactive component). This decision was made knowing that the District would need to spend down some fund balance going forward and to monitor and adjust the budget so that the structural deficit is eliminated in years to come.

Staff recommended targeting an additional \$1 million cut in ongoing expenses during the 2016-17 fiscal year and has reduced the unrestricted general fund budget, since adoption, by over \$500 Thousand. Staff will continue to identify areas where budget can be reduced to reach the \$1 million goal before Second Interim. In addition, unrestricted revenues for the LCFF have increased due to increased enrollment over the original estimates by \$3.4 million. This has resulted in a positive, net increase, balance estimated for June of 2017.

Staff recommends an additional \$3 million in cuts in ongoing expenses for 2017-18. This can be accomplished by reviewing and revising departmental and program budgets. Staff will incorporate these cuts and revisions into the draft budget for 2017-18. These recommendations may change based upon enrollment factors or state funding levels prior to Second Interim. The cuts would not eliminate deficit spending, but would allow for the 6% reserve the Board has targeted, even if one-time spending is authorized out of the fund balance. If enrollment continues to decline, as projected, additional cuts will be required in 2018-19.

## **Fund Balance- Unrestricted**

The Board has expressed an interest in identifying one-time uses for fund balance proceeds, while at the same time working to close the structural deficit and maintaining the 6% reserves. Now is the time to begin work on prioritizing the use of the funds.

The First Interim projection includes an undesignated fund balance projection for 2018-19 of \$24 million. During this same year, the projection shows that the District will be deficit spending by \$7.9 million. Because of the estimated deficit spending in 2018-19 additional fund balance will be needed to protect the reserves in 2019-20. The fund balance required for 2019-20 will become a factor when the Board adopts the 2017-18 budget due to the requirement to project three year's budget at a time. If funds are held to cover the structural deficit for three years, staff then recommends one time projects/programs in the amount of \$4 million be prioritized.

It is staff's recommendation that the planned/prioritized uses take place over three years. The recommended approach protects the District if the assumptions used in the financial projections change for the worse. A prioritized list should be included with the Second Interim Report at the end of January if the one-time spending of fund balance is to be included in the multi-year budget projection.

The following projects/programs are recommended by staff for consideration:

Technology Replacement Fund Deposit: \$2 million  
Educational learning efforts; professional learning for all staff including new teacher development; district pilots and dual immersion support: \$1.4 million  
Kennedy High School Welding Lab (co-funded with equipment by Chevron): \$600 thousand

Included in the agenda for December 7 is the recommendation to move forward with the Kennedy Lab project for \$600,000. This is because the District has received grant funding from Chevron for equipment and in order to make the lab functional for students by the 2017-18 school year the facility work needs to begin as soon as possible.

## **Special Reserve Fund**

The Special Reserve fund has been used to house the reserves set aside by the Board for the "Mid-Year Triggers" threatened by the State during the recession. By the end of 2012 the Board had set aside \$13.5 million in Special Reserve. During the 2012-13 school year the District transferred \$1.8 million to support general fund expenditures. The Special Reserve Fund remains intact, based upon Board direction, with a \$2.3 million set aside for the technology master plan. The Board has directed that a 6% reserve be maintained through a combination of funds in the Special Reserve fund and the General fund. The Special Reserve fund includes:

| <b>Special Reserve Fund – 17</b>                                    | <b>2016-17<br/>Budget</b> |
|---|---------------------------|
| <b>Balance June 30, 2016</b>  | <b>\$ 11,818,319</b>      |
| <b><i>Reserve (for a total of 6% when combined with gf)</i></b>     | <b>\$ (9,543,319)</b>     |
| <b>Reserved for Replacement of IT Equipment</b>                     | <b>\$ (2,275,000)</b>     |
| <b>Unassigned Special Reserve Fund Balance Projection June 2017</b> | <b>\$ -0-</b>             |

### **Prop 39 Energy Grant**

The California Clean Energy Jobs Act (Proposition 39) changed the corporate income tax code and allocates projected revenue to California's General Fund and the Clean Energy Job Creation Fund for five fiscal years, beginning with fiscal year 2013-14. The Proposition 39 Energy grant provides a per pupil allocation based upon average daily attendance. In addition, districts are eligible for funding based upon the free and reduced lunch counts to account for community need. School districts are required to submit plans in order to release funding for projects. Applications for the fund award require detailed information on projects and energy savings and are reviewed by the California Energy Commission before funding is allocated by the California Department of Education.

The District completed LED lighting retrofit projects at Kennedy High school and Verde Elementary during the summer of 2016. The allocated funding for West Contra Costa Unified for year 4 (2016-2017) is 1.3 million. The district will submit plans for energy efficiency projects for year 4 at the start of 2017.

### **Other Post Retirement Benefit Liability (OPEB) or Retiree Lifetime Benefits**

The Board has taken action, with the agreement of employee groups, to substantially reduce the District's long term liability for post-employment health care. In the actuarial study completed as of July 1, 2014 it was determined that the Governmental Accounting Standards Board or "GASB 45" liability was \$352 million. The previous actuarial study in 2012 reflected a liability of \$369 million, so the District has seen an improvement in the overall liability position. Had the retiree benefit program not been amended the GASB 45 liability would have grown to \$550 million. However, the actuarial firm that completes the District studies has provided a new implicit study report that indicates the District liability will increase due to the implementation of an actuarial rule which takes into account implicit subsidy calculations. This will raise the liability to \$435 million.

Changes made to retiree benefit plan structures have stabilized the program and protected the District from increases in costs for future retirees. It has not changed the fact that the District has a pay-as-you go program where costs must be budgeted and paid for those who retired prior to July of 2010 and for those who are in the new programs. The ten-year annual average cost increase, which includes employees

adding and dropping benefits as well as health care premium rate increases, is 7%. Over the past three year's rates have increased, but costs have remained fairly stable, running between \$18-19 million per year, due to the fluctuation in participants as well as their individual choices of program and Medicare eligibility. The Board has expressed interest in placing the retiree benefit fund into an irrevocable trust. Staff is recommending that the Board authorize a trust through Cal-PERS, adopting an irrevocable trust is estimated to reduce the liability of the District by an estimated \$83 million, helping to offset the increase that has happened due to the new rule adoption which will become effective in June of 2017.

### **Long Term Debt**

The Certificates of Participation (COPS) noted here were refunded in 2005 and included a "make whole" provision which means that in order to pay the debt off early the District must pay interest guaranteed to investors when the debt was refunded.

| <b>Long Term Debt Table</b> | <b>Principal June 2016</b> | <b>16-17 Payment</b> | <b>Pay off year</b> |
|-----------------------------|----------------------------|----------------------|---------------------|
| <b>COPS</b>                 | \$6,250,000                | \$923,731            | 2024                |
| <b>State Emergency Loan</b> | -0-                        | -0-                  | 2012 (was 2018)     |

The Board has authorized the issuance of COPS for purpose of purchasing the Marina Way property, which is currently under lease agreement. The payments on the COPS are estimated to be lower than the current and anticipated lease payments, and save District funding over the course of time. It is expected that the transaction will be completed in January of 2017 and would increase the District's debt liability for COPS by \$5.25 million.

### **Local Control Accountability Plan Activities**

The District began to implement new programs and program augmentation utilizing the Local Control Funding Formula, including the Supplemental and Concentration Grant dollars during the 2014-15 school year. These efforts are described in the Local Control Accountability Plan and are subject to a public hearing and adoption by the Board. The Local Control Accountability Plan is funded in the unrestricted general fund budget and the plan components for 2016-17 are paid for through Supplemental and Concentration Grant dollars. This year, the District is aligning base funding and restricted grant funding to the five major goal areas in order to help the public understand how all of the funding sources fit together. It is important to understand that budget adjustments within the Supplemental/Concentration fund programs will be necessary throughout the school year as activities are more fully planned and staff is hired. There are also a number of variables that will change the funding calculation for the Supplemental/Concentration funding that are not known until the school year is underway. For instance, the overall enrollment for each grade span level, the number of students qualified through free and reduced lunch or English Language Learner status as well as factors generated through legislation such as the percentage of progress made toward funding at the State level (known as the gap percentage) are not finalized until after the adoption of the school district's budget.

The services and activities are aligned to the eight State priorities and organized by the District's five major goal areas. For a comprehensive review of the District's LCAP please access the District's webpage at <http://www.wccusd.net/Page/4328>

*Goal 1: Improve student achievement for all students and accelerate student learning increases for ELL and low income students.*

Programs and services include: ELL assessment and reclassification support, psychological services, college and career readiness programs, library, science and arts materials, full day Kindergarten, the "Graduate" tutoring program, additional staffing at high need secondary schools, the FAB LAB/STEM program, out of school time instructional programs and whole school support for Stege Elementary, De Anza High School and Helms Middle School.

*Goal 2: Improve instructional practice through professional development and professional learning communities at schools and recruiting and retaining high quality teachers and principals.*

Programs and services include: Funding provided directly to schools for school site planning and decision making, paid professional development days for teachers and instructional team members as well as professional development support.

*Goal 3: Increase parent and community engagement, involvement, and satisfaction.*

Programs and services include: School Community Outreach Workers, parent participation, volunteer coordination and outreach.

*Goal 4: Improve student engagement and climate outcomes, and allocate services to ELL and LI students.*

Programs and services include: English Language Learner program, Full Service Community School program, technology coaches, special education support, restorative justice programs, student engagement, student safety, co-curricular and extra-curricular coordination and support – including direct funding to schools for site and student decision making, support for visual and performing arts.

*Goal 5: Provide basic services to all students, including facilities, access to materials and technology.*

Programs and services include: Increased service to schools for maintaining and collecting student information to support supplemental and concentration grant funding, adaptive curriculum, digital resources and technology teaching carts.

## **Adult Education**

The Adult Education program funding is another example of a large program that had its funding collapsed into the general fund base revenue through the LCFF. It is a program that school districts were not required to operate during the fiscal crisis. While many districts eliminated this program the WCCUSD Board maintained the program, albeit with a lower funding level. For the 2013-14 and 2014-15 school years, all districts that

operated a program during 2012-13 were required to continue to operate a program at the 2012-13 expenditure level. In 2015-16, the Governor's budget provided for an Adult Education Block Grant. The current estimated block grant for 2016-17 is \$2.4 million. The Adult Education program is also anticipating grants and fees of \$820,000 for total revenue of \$3.2 million. Expenses for the program are estimated at \$3.4 million, leaving a deficit of \$200,000. There is sufficient fund balance to cover the deficit for 2016-17, however the program will need to review its operations and class offerings to bring the budget into balance and avoid deficit spending in the coming year.

### **Capital Facility Funds**

Capital Facility Funds consist of the Building Fund (21), Capital Facilities Fund (25), County School Facilities Fund (35), and Special Reserve for Capital Outlay (40). The Building Fund is where the bond funds and projects are accounted for; the Capital Facilities Fund contains developer fees, the County School Facilities Fund consists of funding received through the State School Building Program and the Special Reserve for Capital Outlay housed the former RDA funds. The expenditure budgets for these funds total \$108 million with \$103 million from the Bond Fund.

### **Other Funds**

In addition to the General, Capital Outlay and Adult Funds, the District operates six additional funds. These include the Child Development Fund (Pre-School), the Cafeteria Fund, Bond Interest and Redemption Fund (County level bond debt payments), Debt Service Fund (COP), Self-Insurance Fund (Property, Liability, Dental and Vision), and Retiree Benefit Fund. These funds all have positive fund balances as of the First Interim Report projections.

### **Next Steps**

At any given point in time the Board and staff are considering three years of budget information. In January the Board will be considering the implications of the new State budget announcements and working toward the policy level decisions that will guide the development of the 2017-18 budget. The process for budget planning has already started for schools and departments for the coming fiscal year. The Second Interim will be prepared and presented to the Board in March for 2016-17, and finally the audit will be reviewed for the prior fiscal year of 2015-16.

WEST CONTRA COSTA UNIFIED  
2016-17 CATEGORICAL REVENUE SOURCES

| Resource                      | Adopted Budget/Grant Description                   | Revenue - @<br>1st Interim<br>(award amount) | Carry Over (2015-16 C/O) | Ongoing Funding | Competitive/Periodic/Yr End |
|-------------------------------|--|--|--------------------------|-----------------|-----------------------------|
| 3010                          | Title I  | 7,335,440                                    | \$ 2,732,727             | X               |                             |
| 3310                          | SpEd IDEA  | 5,551,234                                    | \$ -                     | X               |                             |
| 3311                          | SpEd IDEA Part B Private Schools                   | 89,084                                       | \$ -                     | X               |                             |
| 3315                          | SpEd IDEA Pre-K                                    | 314,492                                      | \$ 83,474                | X               |                             |
| 3320                          | SpEd IDEA Pre-K                                    | 516,958                                      | \$ 94,648                | X               |                             |
| 3327                          | Mental Health Services                             | 329,596                                      | \$ -                     | X               |                             |
| 3345                          | SpEd Pre-K Staff Develop                           | 2,080  | \$ -                     | X               |                             |
| 3385                          | SpEd IDEA Early Intervention                       | 83,664                                       | \$ -                     | X               |                             |
| 3395                          | SpEd Alternative Dispute res                       | 21,097                                       | \$ -                     |                 |                             |
| 3412                          | Dept of Rehab-Transition                           | 247,459                                      | \$ -                     | -X              |                             |
| 3550                          | Carl Perkins-CTE                                   | 275,382                                      | \$ -                     | X               | X                           |
| 4035                          | Title II   | 1,526,697                                    | \$ 603,753               | X               | X                           |
| 4050                          | CaMSP  | -  | \$ 8,636                 |                 | 2017                        |
| 4124                          | 21st Century                                       | 335,192                                      | \$ 57,597                | -X              | X                           |
| 4201                          | Title III Immigrant Ed Prog                        | 83,651                                       | \$ 141,279               | X               | X                           |
| 4203                          | Title III EL                                       | 980,699                                      | \$ 1,242,933             | X               |                             |
| 5630                          | McKinney Vento-Homeless                            | 91,093                                       | \$ 54,359                | X               | X                           |
| 5640                          | Medi-cal Billing                                   | 850,000                                      | \$ 2,123,621             |                 | X                           |
| 5840                          | CA Promise   | 112,681                                      | \$ 67,496                | X               | X                           |
| <b>TOTAL FEDERAL REVENUE:</b> |  | <b>\$ 18,746,499</b>                         | <b>\$ 7,210,523</b>      |                 |                             |
| 6382                          | Career Pathways Trust                              | 252,574                                      | \$ 410,548               |                 |                             |
| 9011                          | Project Read                                       | 82,290                                       | \$ -                     |                 | 2018                        |
| 9012                          | Sprint Project Connect Grant-KHS Kennedy Principal | -  | \$ 10,656                |                 | 2017                        |
| 9030                          | Ed Tech K-12 Voucher-Microsoft                     | -  | \$ 27,969                |                 | 2017                        |
| 9121                          | Enrollment & Retention Bonus                       | -  | \$ 3,315                 |                 | 2017                        |
| 9134                          | Oral Health Assessment                             | 59,908                                       | \$ 6,968                 |                 |                             |
| 9135                          | School Based Medi-cal Clinic                       | 1,082,407                                    | \$ -                     |                 |                             |
| 9190                          | Parcel Tax   | 45,180                                       | \$ 2,210,118             |                 | 2018/19                     |
| 9200                          | MRAD   | 152,590                                      | \$ 54,775                |                 |                             |
| 9513                          | ROC/P - revenue plus contribution                  | 64,810                                       | \$ -                     | -X              |                             |
| 9515                          | Hellman Foundation                                 | 100,000                                      | \$ -                     | X               |                             |
| 9531                          | Chevron  | 98,579                                       | \$ 49,130                |                 | 2017                        |
| 9550                          | UCB Hewlett/Johnson Lighthouse                     | -  | \$ 1,876                 |                 | 2017                        |
| 9582                          | CPT 1  | -  | \$ 35,881                |                 |                             |
| 9590                          | West County Safe Trans MSR J                       | 145,050                                      | \$ 102,956               | X               | X                           |
| 9595                          | Irene Scully Family Foundation                     | 10,000                                       | \$ -                     |                 | 1X                          |
| 9618                          | Kaiser Community Benefit Program                   | -  | \$ 55,167                |                 |                             |
| 9620                          | YMCA James Morehouse Project                       | -  | \$ -                     |                 | X                           |
| 9626                          | Gear UP-Principal Petrilli                         | 7,500  | \$ 5,683                 |                 | 2017                        |
| 9630                          | Math Professional Development                      | -  | \$ -                     |                 | 2017                        |
| 9631                          | Skully Math Program                                | -  | \$ -                     |                 |                             |
| 9637                          | FAB Foundation                                     | -  | \$ -                     |                 | 2018                        |
| 9660                          | Portola Science Trust Korematsu principal- Matt    | -  | \$ 152,911               |                 |                             |
| 9668                          | TUPE   | -  | \$ -                     | X               |                             |
| 9908                          | Microsoft Gov't Settlement                         | -  | \$ 3,221                 |                 | 2017                        |
| 9930                          | TPP Program  | -  | \$ -                     | X               |                             |
| 911X                          | Donations  | -  | \$ -                     |                 |                             |
| <b>TOTAL LOCAL REVENUE:</b>   |  | <b>\$ 2,100,888</b>                          | <b>\$ 2,465,019</b>      |                 |                             |
| 6010                          | Healthy Start-AFTER SCHOOL (ASES)                  | 3,505,467                                    | \$ 20,323                | -X              | X                           |
| 6230                          | California Clean Energy                            | 1,000,000                                    | \$ -                     |                 |                             |
| 6264                          | Educator Effectiveness                             | -  | \$ 1,331,913             |                 | X                           |
| 6300                          | Restricted Lottery                                 | 724,499                                      | \$ 644,344               | X               |                             |
| 6385                          | CA Partnership Academy                             | 1,494,032                                    | \$ 915,787               | -X              | X                           |
| 6387                          | CTE Incentive Grant                                | 56,431,977                                   | \$ -                     |                 | 2019                        |
| 6500                          | Special Education AB602                            | 1,720,155                                    | \$ 3,928,523             | X               |                             |
| 6512                          | SpEd Mental Health Services                        | 17,692                                       | \$ -                     | X               |                             |
| 6515                          | SpEd Infant  | 258,622                                      | \$ -                     | X               |                             |
| 6520                          | Workability  | -  | \$ -                     | X               | X                           |
| 7220                          | Partnership Academy                                | -  | \$ -                     | -X              | X                           |
| 7400                          | QEIA   | -  | \$ 58,518                |                 | 2017                        |
| 9133                          | Medi-cal Billing                                   | 47,925                                       | \$ 353,839               |                 |                             |
| <b>TOTAL STATE REVENUE:</b>   |  | <b>\$ 65,200,369</b>                         | <b>\$ 6,899,408</b>      |                 |                             |

-x = Program funding reduction as compared to prior year

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
MEASURE "G" PARCEL TAX  
SUMMARY OF REVENUES AND EXPENDITURES  
FOR THE FISCAL YEAR ENDING OCTOBER 31,2016**

**APPENDIX B**

| Description  | Original Budget     | Current Budget      | Actual              | Variance Original Budget | Variance Current Budget | Notes                                 |
|--|---------------------|---------------------|---------------------|--------------------------|-------------------------|---------------------------------------|
| <b>REVENUE</b>   |                     |                     |                     |                          |                         |                                       |
| Other local sources  | 9,732,165.00        | 9,751,593.00        | 9,751,592.86        | (19,428.00)              | 0.14                    |                                       |
| <b>Total Revenue</b>   | <b>9,732,165.00</b> | <b>9,751,593.00</b> | <b>9,751,592.86</b> | <b>(19,428.00)</b>       | <b>0.14</b>             |                                       |
| <b>EXPENDITURES</b>  |                     |                     |                     |                          |                         |                                       |
| <b>Protecting core academics</b>                               |                     |                     |                     |                          |                         |                                       |
| Certificated salaries  |                     |                     |                     | -                        | -                       |                                       |
| Classified salaries  |                     |                     |                     | -                        | -                       |                                       |
| Employee benefits  |                     |                     |                     | -                        | -                       |                                       |
| Books and supplies   | 100,000.00          | 100,000.00          | 99,606.13           | -                        | 393.87                  | Instrucional materials textbooks      |
| Services and other operating expenditures                      |                     |                     |                     | -                        | -                       |                                       |
| Capital outlay   |                     |                     |                     | -                        | -                       |                                       |
| <b>Total</b>   | <b>100,000.00</b>   | <b>100,000.00</b>   | <b>99,606.13</b>    | <b>-</b>                 | <b>393.87</b>           |                                       |
| <b>Attracting and retaining qualified teachers</b>             |                     |                     |                     |                          |                         |                                       |
| Certificated salaries  | 2,525,006.00        | 2,601,468.00        | 682,883.50          | (76,462.00)              | 1,918,584.50            | Counselors/Psychologists/Speech Thera |
| Classified salaries  |                     |                     |                     | -                        | -                       |                                       |
| Employee benefits  | 1,033,534.00        | 1,049,792.00        | 304,529.95          | (16,258.00)              | 745,262.05              |                                       |
| Books and supplies   |                     |                     |                     | -                        | -                       |                                       |
| Services and other operating expenditures                      |                     |                     |                     | -                        | -                       |                                       |
| Capital outlay   |                     |                     |                     | -                        | -                       |                                       |
| <b>Total</b>   | <b>3,558,540.00</b> | <b>3,651,260.00</b> | <b>987,413.45</b>   | <b>(92,720.00)</b>       | <b>2,663,846.55</b>     |                                       |
| <b>Providing smaller class sizes for the youngest children</b> |                     |                     |                     |                          |                         |                                       |
| Certificated salaries  |                     |                     |                     | -                        | -                       |                                       |
| Classified salaries  |                     |                     |                     | -                        | -                       |                                       |
| Employee benefits  |                     |                     |                     | -                        | -                       |                                       |
| Books and supplies   |                     |                     |                     | -                        | -                       |                                       |
| Services and other operating expenditures                      | 766,239.00          | 766,239.00          | 255,413.00          | -                        | 510,826.00              | K-3 CSR                               |
| Capital outlay   |                     |                     |                     | -                        | -                       |                                       |
| <b>Total</b>   | <b>766,239.00</b>   | <b>766,239.00</b>   | <b>255,413.00</b>   | <b>-</b>                 | <b>510,826.00</b>       |                                       |
| <b>Improving safety on and around our campuses</b>             |                     |                     |                     |                          |                         |                                       |
| Certificated salaries  |                     |                     |                     | -                        | -                       |                                       |
| Classified salaries  | 349,268.00          | 372,477.00          | 128,070.34          | (23,209.00)              | 244,406.66              | Custodian                             |
| Employee benefits  | 242,132.00          | 244,932.00          | 81,088.31           | (2,800.00)               | 163,843.69              |                                       |
| Books and supplies   |                     |                     |                     | -                        | -                       |                                       |
| Services and other operating expenditures                      | 20,500.00           | 20,500.00           | -                   | -                        | 20,500.00               |                                       |
| Capital outlay   |                     |                     |                     | -                        | -                       |                                       |
| <b>Total</b>   | <b>611,900.00</b>   | <b>637,909.00</b>   | <b>209,158.65</b>   | <b>(26,009.00)</b>       | <b>428,750.35</b>       |                                       |
| <b>Supporting after-school programs</b>                        |                     |                     |                     |                          |                         |                                       |
| Certificated salaries  | 229,624.00          | 152,062.00          | 37,766.90           | 77,562.00                | 114,295.10              | High School Athletic program          |
| Classified salaries  | 163,000.00          | 130,010.00          | (928.00)            | 32,990.00                | 130,938.00              |                                       |
| Employee benefits  | 81,512.00           | 67,015.00           | 11,088.62           | 14,497.00                | 55,926.38               |                                       |
| Books and supplies   | 71,000.00           | 38,000.00           | 6,943.95            | 33,000.00                | 31,056.05               |                                       |
| Services and other operating expenditures                      | 444,375.00          | 481,375.00          | 97,076.11           | (37,000.00)              | 384,298.89              |                                       |
| Capital outlay   | 11,100.00           | 11,100.00           |                     | -                        | 11,100.00               |                                       |
| <b>Total</b>   | <b>1,000,611.00</b> | <b>879,562.00</b>   | <b>151,947.58</b>   | <b>121,049.00</b>        | <b>727,614.42</b>       |                                       |
| <b>Supporting libraries</b>                                    |                     |                     |                     |                          |                         |                                       |
| Certificated salaries  | 960,880.00          | 961,980.00          | 234,963.27          | (1,100.00)               | 727,016.73              | Library supports                      |
| Classified salaries  | 1,000,600.00        | 1,022,512.00        | 300,720.40          | (21,912.00)              | 721,791.60              |                                       |
| Employee benefits  | 1,072,550.00        | 1,071,286.00        | 300,985.84          | 1,264.00                 | 770,300.16              |                                       |
| Books and supplies   |                     |                     |                     | -                        | -                       |                                       |
| Services and other operating expenditures                      |                     |                     |                     | -                        | -                       |                                       |
| Capital outlay   |                     |                     |                     | -                        | -                       |                                       |
| <b>Total</b>   | <b>3,034,030.00</b> | <b>3,055,778.00</b> | <b>836,669.51</b>   | <b>(21,748.00)</b>       | <b>2,219,108.49</b>     |                                       |

**WEST CONTRA COSTA UNIFIED SCHOOL DISTRICT  
MEASURE "G" PARCEL TAX  
SUMMARY OF REVENUES AND EXPENDITURES  
FOR THE FISCAL YEAR ENDING OCTOBER 31,2016**

**APPENDIX B**

| Description   | Original Budget     | Current Budget      | Actual              | Variance Original Budget | Variance Current Budget | Notes |
|---|---------------------|---------------------|---------------------|--------------------------|-------------------------|-------|
| Payment to Charter Schools                          | 660,845.00          | 660,845.00          | -                   | -                        | 660,845.00              |       |
| Total   | 660,845.00          | 660,845.00          | -                   | -                        | 660,845.00              |       |
| <b>Grand Total Expenditures</b>                     | <b>9,732,165.00</b> | <b>9,751,593.00</b> | <b>2,540,208.32</b> | <b>(19,428.00)</b>       | <b>7,211,384.68</b>     |       |
| <b>Grand totals all Programs by Area of Expense</b> |                     |                     |                     |                          |                         |       |
| Certificated salaries                               | 3,715,510.00        | 3,715,510.00        | 955,613.67          | -                        | 2,759,896.33            |       |
| Classified salaries                                 | 1,512,868.00        | 1,524,999.00        | 427,862.74          | (12,131.00)              | 1,097,136.26            |       |
| Employee benefits                                   | 2,429,728.00        | 2,433,025.00        | 697,692.72          | (3,297.00)               | 1,735,332.28            |       |
| Books and supplies                                  | 171,000.00          | 138,000.00          | 106,550.08          | 33,000.00                | 31,449.92               |       |
| Services and other operating expenditures           | 1,231,114.00        | 1,268,114.00        | 352,489.11          | (37,000.00)              | 915,624.89              |       |
| Capital outlay                                      | 11,100.00           | 11,100.00           | -                   | -                        | 11,100.00               |       |
| Transfers to District or Charter                    | 660,845.00          | 660,845.00          | -                   | -                        | 660,845.00              |       |
| <b>Grand Total Expenditures</b>                     | <b>9,732,165.00</b> | <b>9,751,593.00</b> | <b>2,540,208.32</b> | <b>(19,428.00)</b>       | <b>7,211,384.68</b>     |       |