MOUNT DIABLO UNIFIED SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2021

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Education
Mount Diablo Unified School District
Concord, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Diablo Unified School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Mount Diablo Unified School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Mount Diablo Unified School District, as of June 30, 2021, 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.

(Continued)

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. This resulted in a restatement of the beginning governmental activities net position and the beginning aggregate remaining fund information fund balance totaling $889,104. In addition, this resulted in a restatement of the beginning custodial fund net position totaling $6,673,496. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 to 17 , the General Fund Budgetary Comparison Schedule, Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability, Schedule of the District's Proportionate Share of the Net Pension Liability, and Schedule of the District's Contributions on pages 56 to 61 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mount Diablo Unified School District's basic financial statements. The accompanying schedule of expenditure of federal awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditure of federal awards and other supplementary information as listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for the Schedule of Financial Trends and Analysis, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards and other supplementary information as listed in the table of contents, except for the Schedule of Financial Trends and Analysis, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Schedule of Financial Trends and Analysis has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2022 on our consideration of Mount Diablo Unified School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mount Diablo Unified School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Mount Diablo Unified School District's internal control over financial reporting and compliance.

Crowe LLP

Crowe LLP

Sacramento, California
January 28, 2022

This discussion and analysis of Mount Diablo Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's overall financial status increased as a result of this year's operations. Net position of governmental activities increased by $20.8 million, or 167% from the previous year.
- Governmental expenses were about $445.1 million. Revenues were about $465.8 million, included $40,287,687 in one-time restricted funds from COVID-19 related resources, expended over multiple years. Several technology, vehicles, and other large items ordered during FY 2020-21 did not arrive until FY 2021-22 due to supply chain issues. The 'on hold purchases', and the absence of student learning on campuses full time during FY 2020-21 further exacerbated the imbalance of revenues to expenditures.
- The District acquired $22.93 million of new capital assets during the year. These expenditures were incurred primarily from Measure C building projects.
- The District decreased total long-term debt by about $20 million. This was primarily due to repayment of General Obligation bonds, Certificates of Participation (COP), and changes in the net pension liability of $33.9 million. This was offset by an increase in total Other Post-Employment Benefits (OPEB) liability of $7.4 million from service costs, interest cost and changes in demographic data and eligible employees.
- Grades K-12 average daily attendance (ADA) decreased by 1,109 or 3.96%.

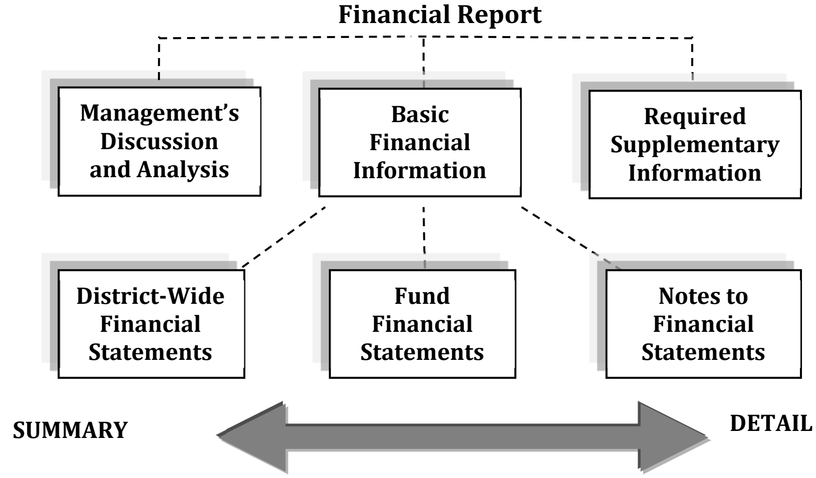
OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts – management discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The *governmental funds* statements tell how basic services like regular and special education were financed in the short term as well as what remains for future spending.
  - Short and long-term financial information about the activities of the District that operate like businesses (self-insurance funds) are provided in the *proprietary funds statements.*
  - *Fiduciary funds* statement provides information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include *notes* that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

Figure A-1. Organization of Mount Diablo Unified School District's Annual Financial Report



OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

Figure A-2. Major Features of the District-Wide and Fund Financial Statements

Type of Statements	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District, except fiduciary activities	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures & Changes in Fund Balances	• Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both short-term and long-term; The District's funds do not currently contain nonfinancial assets, though they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

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

The two district-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the District's financial health, or *position*.

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.

- In the district-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements
The fund financial statements provide more detailed information about the District's most significant funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.

- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that is properly using certain revenues.

The District has two kinds of funds:

1) ***Governmental funds*** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

Fund Financial Statements (continued)

2) ***Fiduciary funds*** – The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship trust and debt service fund for special assessment debt. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net position. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2021, than it was the year before – increasing 6.9% to $(280.9) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		Variance
	2021	**2020**	**Increase (Decrease)**
Assets			
Current assets	$ 274,069,823	$ 189,282,479	$ 84,787,344
Capital Assets	558,767,997	558,574,461	193,536
Total Assets	832,837,820	747,856,940	84,980,880
Deferred outflows of resources	106,846,930	127,642,740	(20,795,810)
Liabilities			
Current liabilities	118,103,506	59,349,775	58,753,731
Long-term liabilities	682,529,009	701,596,398	(19,067,389)
Net pension liability	371,034,000	379,179,000	(8,145,000)
Total Liabilities	1,171,666,515	1,140,125,173	31,541,342
Deferred inflows of resources	48,965,290	37,981,682	10,983,608
Net position			
Net investment in capital assets	159,701,685	144,394,228	15,307,457
Restricted	94,049,700	82,702,271	11,347,429
Unrestricted	(534,698,440)	(528,814,570)	(5,883,870)
Total net position	$ (280,947,055)	$ (301,718,071)	$ 20,771,016

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (continued)

Changes in net position, governmental activities. The District's total revenues increased 7.5% to $465.8 million (See Table A-2). The increase is due primarily to increases in grants and contributions, state aid and categorical funding.

The total cost of all programs and services decreased 4.2% to $445.07 million. The District's expenses are predominantly related to educating and caring for students, 77.6%. The purely administrative activities of the District accounted for just 4.7% of total costs. A significant contributor to the increase in costs was negotiated salary and benefit increases.

Table A-2: Statement of Activities

	Governmental Activities		Variance
	2021	**2020**	**Increase (Decrease**
Revenues			
Program Revenues:			
Charges for services	$ 3,048,220	$ 6,172,402	$ (3,124,182)
Operating grants and contributions	125,136,313	87,738,467	37,397,846
Capital grants and contribution	16,799	62,926	(46,127)
General Revenues:			
Property taxes	215,875,904	200,045,559	15,830,345
Federal and state aid not restricted	119,836,551	132,784,390	(12,947,839)
Other general revenues	1,923,303	6,601,566	(4,678,263)
Total Revenues	465,837,090	433,405,310	32,431,780
Expenses			
Instruction-related	298,906,735	315,774,697	(16,867,962)
Pupil services	46,514,054	51,316,080	(4,802,026)
Administration	20,731,478	15,718,499	5,012,979
Plant services	54,160,917	57,281,633	(3,120,716)
All other activities	24,752,890	24,305,730	447,160
Total Expenses	445,066,074	464,396,639	(19,330,565)
Increase (decrease) in net position	$ 20,771,016	$ (30,991,329)	$ 51,762,345

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of $202.9 million, which is above last year's ending fund balance of $169 million. The primary cause of the increased fund balance is due primarily to increase grants and contributions from in federal, state and local governmental entities.

Table A-3: The District's Fund Balances

	Fund Balances				
	June 30, 2020	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2021
Governmental Funds:					
General Fund	$ 48,115,856	$396,675,279	$355,638,432	$ 167,994	$ 89,320,697
Student Activity Fund	889,104	360,306	360,306	-	889,104
Adult Education Fund	1,979,255	6,197,691	5,773,111	(66,370)	2,337,465
Cafeteria Fund	4,440,187	9,161,802	8,305,965	(101,624)	5,194,400
Building Fund	58,127,277	166,682	15,581,188	-	42,712,771
Capital Facilities Fund	12,949,213	2,068,890	310,825	-	14,707,278
County School Facilities Fund	3,484,285	16,799	45,789	-	3,455,295
Capital Outlay Fund for Blended Component Units	1,713,805	1,326,155	321,654	-	2,718,306
Bond Interest and Redemption Fund	38,174,819	46,657,863	43,227,291	-	41,605,391
	$169,873,801	$462,631,467	$429,564,561	$ -	$202,940,707

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget several times. The major budget amendments fall into these categories:

- Revenues – increased by $84.26 million primarily due to federal, state and local budget actions.
- Other non-personnel expenditures – increased $26.9 million due to increase in supplies to serve distance learning purposes due to COVID-19.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about $19.69 million, the actual results for the year show that revenues exceeded expenditures by roughly $41.21 million. Actual revenues were $32.3 less than anticipated, and expenditures were $53.8 million less than budgeted. That amount consists primarily of restricted categorical program dollars that were not spent as of June 30, 2021, that will be carried over into the 2021-22 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2020-21 the District had invested $22.9 million in new capital assets, related to ongoing expenditures related to the District's ongoing modernization program. (More detailed information about capital assets can be found in Note 4 to the financial statements). Total depreciation expense for the year was nearly $22.7 million.

Table A-4: Capital Assets at Year-End, Net of Depreciation

	Governmental Activities		Variance Increase
	2021	**2020**	**(Decrease**
Land	$ 14,436,462	$ 14,436,462	$ -
Improvement	77,443,620	79,292,199	(1,848,579)
Building	415,173,976	425,145,465	(9,971,489)
Equipment	4,620,118	4,235,326	384,792
Construction in progress	47,093,821	35,465,009	11,628,812
Total	$ 558,767,997	$ 558,574,461	$ 193,536

Long-Term Debt

At year-end the District had $1.092 billion in long-term debt – a decrease of 1.80% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Note 5 to the financial statements).

Table A-5: Outstanding Lont-Term Debt at Year-End

	Governmental Activities		Variance Increase
	2021	**2020**	**(Decrease**
General Obligation bonds	$ 468,701,347	$ 492,860,178	$ (24,158,831)
Construction loan	3,730,285	3,883,672	(153,387)
Certificates of Participation	16,865,000	18,435,000	(1,570,000)
Capital leases		165,149	(165,149)
Other postemployment benefits	220,808,335	213,427,260	7,381,075
Supplemental Employee Retirement Plan (SERP)	6,933,280		6,933,280
Net Pension Liability	371,034,000	379,179,000	(8,145,000)
Compensated absences	4,007,631	4,127,319	(119,688)
Total	$ 1,092,079,878	$ 1,112,077,578	$ (19,997,700)

FACTORS BEARING ON THE DISTRICT'S FUTURE

The Governor signed the 2021-22 Budget Act and other budget-related bills on June 28, 2021.

Proposition 98

Overview:

State budgeting for schools and community colleges is based primarily on Proposition 98, approved by voters in 1988 and amended in 1990. In this section, we provide an overview of Proposition 98 changes under the enacted budget package.

Proposition 98 Establishes Minimum Spending Level

Proposition 98 is a voter-approved constitutional amendment that guarantees minimum funding levels for K-12 schools and community colleges. The Guarantee, which went into effect in the 1988-89 fiscal year, determines funding levels according to multiple factors including the level of funding in 1986-87, General Fund revenues, per capita personal income, and school attendance growth or decline. The Local Control Funding Formula is the primary mechanism for distributing these funds to support all students attending K-12 public schools in California.

In January, the Governor's Budget projected the K–14 Prop 98 minimum funding guarantee to be $79.5 billion, $82.8 billion, and $88.1 billion for 2019–20, 2020–21, and 2021–22, respectively. However, due to the significant increase in the revenue forecast, the Budget Act of 2021 estimates Prop 98 levels to be $79.3 billion, $93.4 billion, and $93.7 billion over the same time period. This is the state's highest level of Prop 98 funding for K–14 education.

The K–12 portion of Prop 98 funding represents K–12 per-pupil funding of $13,976. The per-pupil funding level is a $3,322 increase over the 2020–21 Budget Act level, and a $1,976 increase over the per-pupil funding level the Governor projected in January 2020, prior to the COVID-19 pandemic.

The budget also includes significant deposits into the Public School System Stabilization Account (PSSA). Specifically, $1.9 billion is deposited in 2020–21 and $2.6 billion is deposited in 2021–22, for a total of $4.5 billion. This amount triggers a cap of 10 percent on school district reserves, which starts in 2022–23.

The budget package does eliminate a supplemental appropriation above the Prop 98 minimum guarantee that was included in the 2020–21 Budget Act. That supplemental appropriation would have been equal to 1.5 percent of the General Fund (GF) revenues per year, continuing until a total of $12.4 billion had been appropriated. The 2020–21 Budget Act also included a proposal to increase the Prop 98 share of GF revenues during Test 1 years, from 38 percent to 40 percent, by 2023–24, with the result being additional funding for education in future Test 1 years. However, given the substantial amount of funding available for education given the strong forecast for revenues, both proposals were removed in the 2021–22 Budget Act.

Finally, the budget changes the way Local Education Agencies (LEAs) treat their appropriations limit, commonly referred to as the Gann limit, which is based on LEA revenues and changes in average daily attendance (ADA) and inflation. Beginning in 2019–20, any LEA with an appropriations limit that exceeds the amount required to cover revenues must transfer that excess limit to the state. LEAs with revenues in excess of their limit continue to draw down additional limit from the state, thereby avoiding a requirement for the state to issue tax refunds.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Proposition 98 (continued)

LOCAL CONTROL FUNDING FORMULA & DEFERRALS

Due to the significant increase in revenues projected for 2020–21 and 2021–22, there is a corresponding increase in LCFF funding levels. The budget package reflects an LCFF increase of $3.2 billion, 5.07 percent over 2019–20 levels. This reflects a 2.31 percent cost-of-living (COLA) adjustment for 2020–21, a 1.70 percent COLA adjustment for 2021–22, and a $520 million (1 percent) increase in LCFF base funding.

The percentage for the LCFF concentration grant increased from 50 percent to 65 percent of the base grant, providing an additional $1.1 billion in ongoing Prop 98 funds to LEAs with an enrollment of 55 percent or greater of low-income, English learner, and foster youth students. The additional funds are to be used for increasing certificated and classified staffing at school sites, reducing the adult-to-student ratios at schools. Additionally, the budget eliminates all K–12 deferrals of $11 billion in 2021–22.

COLA OUTSIDE LCFF

The 2021–22 COLA adjustment includes:

- Special Education: Special Education Local Plan Areas (SELPA) receive an increased funding level of 4.05 percent over 2019–20. This reflects a 2.31 percent COLA adjustment for 2020–21, and a 1.70 percent COLA adjustment for 2021–22.

- Categorical programs that remain outside of LCFF (Child Nutrition, State Preschool, Youth in Foster Care, Mandates Block Grant, Adults in Correctional Facilities Program, American Indian Education Centers, and American Indian Early Childhood Education Program): 1.70 percent.

UNIVERSAL TRANSITIONAL KINDERGARTEN AND STATE PRESCHOOL

The 2021–22 budget package adopts universal TK as part of a mixed delivery system for early education. The budget includes $300 million for a transitional year, $200 million to create or expand California state preschool programs (CSPP) or TK programs, and $100 million to increase the number of teachers available to serve CSPP and TK, and provide professional development (PD). Universal TK will be phased in over five years. For 2022–23, LEAs will start receiving funds to incrementally establish universal TK, phasing in expanded age eligibility to full implementation in 2025–26. The Prop 98 minimum funding guarantee may be "rebenched" to provide ongoing funds for TK.

COMMUNITY SCHOOLS

The 2021–22 budget package expands the California Community Schools Partnership Program with $2.8 billion in one-time Prop 98 funding through 2028, and aligns program requirements to Healthy Start program best practices, with planning, launch, and ongoing coordination grant types. Program to include:

- $141.8 million to contract with LEAs to create regional technical assistance centers.

- At least 10 percent for planning grants (up to $200,000), up to 70 percent for implementation grants (up to $500,000), and at least 20 percent for coordination grants (up to $100,000, with a 1:1 match).

- Funds are available for 7 years, until FY 2027–28.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Proposition 98 (continued)

EXPANDED LEARNING OPPORTUNITIES

The budget package creates an Expanded Learning Opportunities program to provide funding for afterschool and summer school enrichment programming with a focus on LEAs with the highest concentrations of low-income students. In 2021–22, the budget provides $1 billion ongoing Prop 98 funds, and $753.1 million one-time funds, with the intention to increase rates to $2,500 per unduplicated pupil in future years pursuant to availability of funds. Funds would be provided on a per-ADA count of low-income, English learner, and foster youth students from TK through grade six.

The Expanded Learning Opportunities program will have similar elements as the After School Education and Safety (ASES) program, including an educational element in which tutoring and homework assistance is provided, and a supplemental element such as Science, Technology, Engineering, and Mathematics (STEM), arts, career technical education, or physical fitness.

Additionally, the program will have the following requirements:

- LEAs to offer at least 9 hours of combined instruction and in-person before or after school learning opportunities. Applies to each school day and for at least 30 non-schooldays during intersession periods.

- LEAs to offer to all unduplicated pupils and provide services to at least 50 percent of unduplicated pupils in grades 1-6 in 2021–22 school year, and all pupils in grades 1-6 starting in the 2022–23 school year.

EDUCATOR PREPARATION, RETENTION, AND PROFESSIONAL DEVELOPMENT

The 2021–22 budget package provides funding for numerous programs to prepare, recruit, retain, and train teachers, administrators, and classified staff in K–12 education. The following are programs with funding adjustments:

- Educator Effectiveness Block Grant—$1.5 billion one-time Prop 98 funds, available over five years, to provide PD for teachers, administrators, and other in-person staff that work with students.

- Golden State Teacher Grants—$500 million one-time GF, available over five years, to support at least 25,000 grants for teacher credential candidates who commit to teaching at a priority school, in a high-need subject matter area, for four years.

- Teacher Residency Grant Program—$350 million one-time Prop 98 funds, available over five years, to support teacher preparation residencies and other grow-your-own teacher credentialing programs.

- National Board Certification Incentive Grant Program—$250 million one-time Prop 98 funds, available over five years, to provide incentive grants to recruit and retain National Board-certified teachers to teach in high poverty schools, serve as mentors for other instructional staff, and support other teachers in pursuing National Board certification.

- Classified School Employee Teacher Credentialing Program—$125 million one-time Prop 98 funds, over five years, to support more than 5,000 classified school staff in becoming credentialed teachers.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Proposition 98 (continued)

EDUCATOR PREPARATION, RETENTION, AND PROFESSIONAL DEVELOPMENT (continued)

- Classified School Employee Summer Assistance Program—$60 million one-time P 98 funds to provide matching funds for intersession pay for classified employees that work less than 11 or fewer months per year.

- Learning Acceleration—$50 million one-time Prop 98 funds for the California Collaborative for Educational Excellence to administer evidence-based professional education for educators that can support learning acceleration for California's diverse student population, particularly in mathematics, literacy, and language development.

- Social-Emotional Learning—$50 million one-time Prop 98 funds to create statewide resources and PD on social-emotional learning and trauma-informed practices.

- California Early Math Initiative—$45 million one-time Prop 98 funds, available over three years, for the California Early Math Initiative at the Fresno COE to continue to provide PD and resources for early math educators through the statewide system of support.

- Mental Health and Wellness—$25 million one-time Prop 98 funds to develop mental health and wellness instructional resources and trainings for caregivers, educators, and youth to address the impacts of the pandemic on children's mental health.

- 21st Century School Leadership Academy—$25 million one-time Prop 98 funds, available over five years, to support the 21st Century School Leadership Academy and provide PD to school administrators and other school leaders.

- Credential Fee Waiver—$20 million one-time GF to provide a credential fee waiver in 2021–22 for individuals entering the K–12 educator workforce.

UNIVERSAL SCHOOL MEALS

The 2021–22 budget package launches the Universal School Meals Program, with an increase in state meal reimbursements by $54 million in the 2021–22 fiscal year and an estimated $650 million ongoing Prop 98 funding beginning in 2022–23, to cover the costs of offering breakfast and lunch for all students, regardless of income eligibility. LEAs will be required to apply for federal meals provision by June 30, 2022, to maximize the federal meals reimbursement. The state will provide cover any remaining unreimbursed costs up to the federal free per-meal rate.

The budget also provides $150 million one-time Prop 98 funds for kitchen upgrades and training for food service employees to promote nutritious foods and healthy food preparation. The amount of $120 million ($25,000 per district) will be used for kitchen upgrades and equipment. The remaining $30 million ($2,000 per district) will be used for training and promoting nutritious foods and healthy food preparation.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Proposition 98 (continued)

SPECIAL EDUCATION

The 2021–22 budget package includes several key investments to special education, including:

- $396.9 million ongoing Prop 98 funds to increase the statewide base rate for special education funding.

- $260 million ongoing Prop 98 funds to support early intervention services for preschool-aged students. The funds shall be used to provide early education services and supports for special education students aged birth to five. The budget package also changes the funding methodology, specifying that funding provided to preschool students with exceptional needs will be proportional to the total number of pupils with special needs in first grade that are residing in the district.

- $450 million one-time Prop 98 funds to provide learning recovery supports for students with disabilities. The funding is for learning disruptions stemming from the COVID-19 pandemic. The funds will be allocated to SELPAs on a per-pupil basis, based on pupils with exceptional needs from age 3 to age 22.

- $100 million one-time Prop 98 funds for dispute resolution to provide more opportunities for efficient resolution of special education services complaints. The funds will be allocated to SELPAs on a per-pupil basis, based on pupils with exceptional needs from age 3 to age 22.

- $15 million one-time Prop 98 funds to the CDE for allocation to the Riverside COE and the El Dorado COE in support of the Supporting Inclusive Practices project. Funds are to be used to increase opportunities for pupils with disabilities to meaningfully participate in the least restrictive environment, as appropriate, and improving local educational agencies' outcomes on performance indicators as mandated by the federal Individuals with Disabilities Education Act.

A–G COMPLETION IMPROVEMENT GRANT PROGRAM

The budget package provides $547.5 million one-time Prop 98 funds for the A–G Completion Improvement Grant Program to help increase the number of high school students, particularly unduplicated students, enrolled in grades 9-12 who graduate from high school with A–G eligibility with greater access and resources to complete A–G courses. The funds will be allocated to LEAs in equal amounts per unduplicated pupil enrolled in grades 9-12 for the 2020–21 year. Otherwise, eligible LEAs that receive concentration grant funding shall receive not less than $75,000.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Proposition 98 (continued)

ANTI-BIAS

The budget package provides $10 million one-time Prop 98 funds for the Anti-Bias Education Grant Program. A minimum of 50 grants will be awarded to LEAs, of not less than $75,000, to be used for training and curriculum to prevent and address bias or prejudice toward any group of people based on race, ethnicity, religion, gender, gender identity, sexual orientation, disability, immigration status, or language. Emphasis shall be on preventing anti-Semitism and bias or prejudice toward groups including, but not limited to, African Americans, Asian Pacific Islanders, and Latinos. These funds are available for expenditure or encumbrance through the 2025–26 fiscal year.

DUAL IMMERSION

The budget package provides $10 million one-time Prop 98 funds, available over a three-year period, to the CDE to administer the Dual Language Immersion Grant Program (DLIGP) to expand access to quality dual language learning. A minimum of 25 one-time grants will be awarded, over a period of three years, to LEAs to expand or establish DLIGPs that provide integrated language learning and academic instruction for native speakers of English and native speakers of another language. Funds may be used for instructional materials, PD, teacher recruitment, and family outreach.

ETHNIC STUDIES

The budget package provides $5 million to the CDE to enter into a contract with a COE or consortium of COEs to provide PD and resources to support LEAs offering new and expanded ethnic studies courses. The COE(s) shall use funds to provide training for LEA staff to support the creation or expansion of ethnic studies model curriculum and to provide access to an online repository of courses. Additionally, $50 million is provided for allocation to LEAs and state special schools for the creation of the Ethnic Studies Curricula Block Grant. The funds are to be used to create or expand ethnic studies course offerings.

OTHER

- Career Technical Education Incentive Grant Program (CTEIG)—The budget package provides $150 million ongoing Prop 98 funds for the CTEIG, bringing the total funding to $300 million for the program.
- LGBTQ+ Cultural Competency Training—The budget package provides $2.4 million one-time Prop 98 funds to support the creation of an online repository focused on strategies to support LGBTQ+ pupils. $1.8 million will be used to develop online training content, in consultation with the advisory committee established in the budget. The remaining $600,000 is for the CDE to develop an online platform for the training developed per the above.
- Broadband Infrastructure Grant Program—The budget package provides $5.2 million one-time Prop 98 funds, available over a three-year period, for the Broadband Infrastructure Grant Program for identified broadband connectivity solutions.
- Holocaust education—The budget package provides $2 million one-time Prop 98 funds, available over a three-year period, for the CDE to allocate to Marin COE for Holocaust education. Funds shall be used to develop and provide curriculum resources and PD, including educator trainings, related to genocide and Holocaust education.
- Model Curricula—Contingent upon enactment of legislation, the budget package provides $1.2 million Prop 98 funds to the CDE to support the development of model curricula for Native American, Vietnamese American, Cambodian, and Hmong history and cultural studies.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Proposition 98 (continued)

FEDERAL FUNDS

In response to COVID-19, the U.S. Congress passed the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, which was signed on December 27, 2020, and the American Rescue Plan (ARP) Act, which was signed on March 11, 2021. These Acts build upon earlier relief efforts, including the Coronavirus Aid, Relief, and Economic Security (CARES) Act.

The main funding sources administered by the United States Department of Education are the Elementary and Secondary School Emergency Relief (ESSER) Fund and the Governor's Emergency Education Relief (GEER) Fund. Additional funding includes the Emergency Assistance for Non-Public Schools (EANS) program and the ESSER Homeless Children and Youth (HCY) Funding. While some of this federal funding was appropriated prior to the 2021–22 Budget Act through Section 28 letters, the budget package does include the following:

- Authorizes the remaining 25 percent of ESSER III funding that must flow directly to LEAs. This $3.5 billion is on top of the initial $10 billion approved through a Section 28 Letter.
- Uses $671 million, the entire State Education Agency (SEA) Reserve for ESSER II, for the Expanded Learning Opportunities Grant originally established by Assembly Bill (AB) 86).
- Uses $154 million, the entire GEER II amount, for the Expanded Learning Opportunities Grant originally established by AB 86.
- Uses $437 million, the entire ESSER III SEA Reserve for discretionary purposes, for the Expanded Learning Opportunities Grant originally established by AB 86.
- Uses $754 million, the entire ESSER III SEA Reserve for Learning Loss, for the Expanded Learning Opportunities Grant originally established by AB 86.
- Uses a combined $301 million, the entire ESSER III SEA Reserves for Summer Enrichment Programs and Comprehensive After School Programs, to increase rates for the ASES Program and expanded access to summer learning in 2021–22 and 2022–23, and to increase rates in the 21st Century Community Learning Centers Program.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the District's Business Office at Mount Diablo Unified School District, 1936 Carlotta Drive, Concord, California, 94519.

BASIC FINANCIAL STATEMENTS

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities
ASSETS	
Cash and investments (Note 2)	$ 206,829,956
Receivables	66,722,259
Stores inventory	472,864
Prepaid expenses	44,744
Non-depreciable capital assets (Note 4)	61,530,283
Depreciable capital assets, net of accumulated depreciation (Note 4)	497,237,714
Total assets	832,837,820
DEFERRED OUTFLOWS	
Deferred outflows of resources - pensions (Notes 9 and 10)	86,101,227
Deferred outflows of resources - OPEB (Note 8)	15,655,876
Deferred loss from refunding of debt	5,089,827
Total deferred outflows	106,846,930
LIABILITIES	
Accounts payable	32,640,609
Tax Revenue Anticipation Notes (Note 5)	41,055,000
Unearned revenue	5,891,028
Long-term liabilities (Note 6):	
Due within one year	38,516,869
Due after one year	1,053,563,009
Total liabilities	1,171,666,515
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources - pensions (Notes 9 and 10)	44,994,000
Deferred inflows of resources - OPEB (Note 8)	3,971,290
Total deferred inflows	48,965,290
NET POSITION	
Net investment in capital assets	159,701,685
Restricted:	
Legally restricted programs	31,563,430
Capital projects	20,880,879
Debt service	41,605,391
Unrestricted	(534,698,440)
Total net position	$ (280,947,055)

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

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Change in Net Position: Governmental Activities
Governmental activities:					
Instruction	$ 252,023,624	$ 863,011	$ 70,730,325	$ 16,799	$ (180,413,489)
Instruction-related services:					
Supervision of instruction	15,328,980	82,548	6,664,897	-	(8,581,535)
Instructional library, media and technology	3,607,964	17,027	716,355	-	(2,874,582)
School site administration	27,946,167	12,544	3,870,366	-	(24,063,257)
Pupil services:					
Home-to-school transportation	9,485,432	345	2,557,993	-	(6,927,094)
Food services	8,802,199	275,829	7,279,037	-	(1,247,333)
All other pupil services	28,226,423	-	11,136,377	-	(17,090,046)
General administration:					
Data processing	6,119,675	-	11,896,154	-	5,776,479
All other general administration	14,611,803	1,586,913	3,392,523	-	(9,632,367)
Plant services	54,160,917	10,821	5,304,080	-	(48,846,016)
Ancillary services	1,312,385	174,333	1,161,805	-	23,753
Interest on long-term liabilities	22,151,183	-	-	-	(22,151,183)
Other outgo	1,289,322	24,849	426,401	-	(838,072)
Total governmental activities	$ 445,066,074	$ 3,048,220	$ 125,136,313	$ 16,799	(316,864,742)

General revenues:	
Taxes and subventions:	
Taxes levied for general purposes	162,570,676
Taxes levied for debt service	51,164,242
Taxes levied for other specific purposes	2,140,986
Federal and state aid not restricted to specific purposes	119,836,551
Interest and investment earnings	1,046,330
Miscellaneous	876,973
Total general revenues	337,635,758
Change in net position	20,771,016
Net position, July 1, 2020	(302,607,175)
Cumulative effect of GASB 84 implementation	889,104
Net Position, July 1, 2020, as restated	(301,718,071)
Net position, June 30, 2021	$ (280,947,055)

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

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and investments:					
Cash in County Treasury	$ 91,185,472	$ 34,005,501	$ 41,609,587	$ 24,050,474	$ 190,851,034
Cash in banks	15,780	-	-	2,179,084	2,194,864
Cash in revolving cash account	303,500	-	-	-	303,500
Cash with fiscal agent	142,487	9,648,590	-	-	9,791,077
Investments	1,602,101	-	-	2,087,380	3,689,481
Accounts receivable	65,585,946	-	-	1,136,313	66,722,259
Due from other funds	61	270,962	-	304,890	575,913
Stores inventory	346,597	-	-	126,267	472,864
Prepaid expenditures	44,744	-	-	-	44,744
Total assets	$ 159,226,688	$ 43,925,053	$ 41,609,587	$ 29,884,408	$ 274,645,736
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	$ 22,504,706	$ 1,212,282	$ 4,196	$ 461,904	$ 24,183,088
Tax Revenue Anticipation Notes	41,055,000	-	-	-	41,055,000
Unearned revenue	5,889,658	-	-	1,370	5,891,028
Due to other funds	456,627	-	-	119,286	575,913
Total liabilities	69,905,991	1,212,282	4,196	582,560	71,705,029
Fund balances:					
Nonspendable	694,841	-	-	126,267	821,108
Restricted	23,142,461	42,712,771	41,605,391	29,175,581	136,636,204
Assigned	54,892,912	-	-	-	54,892,912
Unassigned	10,590,483	-	-	-	10,590,483
Total fund balances	89,320,697	42,712,771	41,605,391	29,301,848	202,940,707
Total liabilities and fund balances	$ 159,226,688	$ 43,925,053	$ 41,609,587	$ 29,884,408	$ 274,645,736

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

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2021

Total fund balances - Governmental Funds		$ 202,940,707
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used for governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $948,163,679 and the accumulated depreciation is $389,395,682 (Note 4).		558,767,997
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in governmental funds. Long-term liabilities at June 30, 2021 consisted of (Note 6):		
General Obligation Bonds	$ (403,264,615)	
Accreted interest	(42,427,722)	
Unamortized premiums	(23,009,010)	
Construction loan	(3,730,285)	
Certificates of Participation	(16,865,000)	
Total OPEB liability (Note 8)	(220,808,335)	
Supplemental Employee Retirement Program	(6,933,280)	
Net pension liability (Notes 9 and 10)	(371,034,000)	
Compensated absences	(4,007,631)	
		(1,092,079,878)
Unmatured interest is not recognized until it is due and, therefore, is not accrued as a payable in governmental funds.		(8,457,521)
In governmental funds, deferred outflows of resources resulting from defeasance of debt are not recorded. In governmental activities, for advance refunding resulting in defeasance of debt reported in governmental activities, the difference between reacquisition price and the net carrying amount of the retired debt are reported as deferred outflows of resources.		5,089,827
In governmental funds, deferred outflows and inflows of resources relating to pensions and OPEB are not reported because they are applicable to future periods. In the Statement of Net Position, deferred outflows and inflows of resources relating to pensions and OPEB are reported (Notes 8, 9 and 10).		
Deferred outflows of resources relating to OPEB	15,655,876	
Deferred inflows of resources relating to OPEB	(3,971,290)	
Deferred outflows of resources relating to pensions	86,101,227	
Deferred inflows of resources relating to pensions	(44,994,000)	
		52,791,813
Total net position - governmental activities		$ (280,947,055)

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

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2021

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total Governmental Funds
Revenues:					
Local Control Funding Formula (LCFF):					
State apportionment	$ 125,609,144	$ -	$ -	$ -	$ 125,609,144
Local sources	148,130,018	-	-	-	148,130,018
Total LCFF	273,739,162	-	-	-	273,739,162
Federal sources	40,981,415	-	1,889,653	9,628,557	52,499,625
Other state sources	67,830,890	-	269,630	4,489,310	72,589,830
Other local sources	14,123,812	166,682	44,498,580	5,013,776	63,802,850
Total revenues	396,675,279	166,682	46,657,863	19,131,643	462,631,467
Expenditures:					
Current:					
Certificated salaries	150,480,840	-	-	2,422,321	152,903,161
Classified salaries	49,269,765	469,159	-	4,680,334	54,419,258
Employee benefits	98,388,178	191,366	-	3,444,700	102,024,244
Books and supplies	11,399,985	1,023,048	-	2,501,223	14,924,256
Services and other operating expenditures	37,814,803	522,490	-	949,524	39,286,817
Other outgo	1,289,322	-	-	-	1,289,322
Capital outlay	4,234,603	13,375,125	-	966,161	18,575,889
Debt service:					
Principal retirement	1,735,149	-	26,590,603	153,387	28,479,139
Interest	1,025,787	-	16,636,688	-	17,662,475
Total expenditures	355,638,432	15,581,188	43,227,291	15,117,650	429,564,561
Excess (deficiency) of revenues over (under) expenditures	41,036,847	(15,414,506)	3,430,572	4,013,993	33,066,906
Other financing sources (uses):					
Transfers in	167,994	-	-	-	167,994
Transfers out	-	-	-	(167,994)	(167,994)
Total other financing sources (uses)	167,994	-	-	(167,994)	-
Net change in fund balances	41,204,841	(15,414,506)	3,430,572	3,845,999	33,066,906
Fund balances, July 1, 2020	48,115,856	58,127,277	38,174,819	24,566,745	168,984,697
Cumulative effect of GASB 84 implementation	-	-	-	889,104	889,104
Fund balance, July 1, 2020, as restated	48,115,856	58,127,277	38,174,819	25,455,849	169,873,801
Fund balances, June 30, 2021	$ 89,320,697	$ 42,712,771	$ 41,605,391	$ 29,301,848	$ 202,940,707

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

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS - TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2021

Net change in fund balances - Total Governmental Funds	$ 33,066,906
Amounts reported for governmental activities in the Statement of Activities are different because:	
Acquisition of capital assets is an expenditure in governmental funds, but increases capital assets in the Statement of Net Position (Note 4).	22,934,054
Depreciation of capital assets is an expense that is not recorded in governmental funds (Note 4).	(22,740,518)
Repayment of principal on long-term liabilities is an expenditure in governmental funds, but decreases the long-term liabilities in the statement of net position (Note 6).	28,479,139
In governmental funds, the liability in connection with initiating supplemental executive retirement plans (SERP) are not recognized, but are reported as an increase to long-term liabilities in the governmental activities (Note 6).	(6,933,280)
In governmental funds, debt issued at a premium is recognized as an other financing source. In the government-wide statements debt issues at a premium is amortized as interest over the life of the debt (Note 6).	2,915,031
Accreted interest is an expense that is not recorded in governmental funds (Note 6).	(5,346,803)
Unmatured interest on long-term liabilities is not recorded in governmental funds until it becomes due, but increases the liabilities in the Statement of Net Position.	(988,791)
In governmental funds, deferred outflows of resources are not recognized. In the government-wide statements, deferred outflows of resources are amortized over the shorter life of the refunded or refunding debt.	(865,743)
In governmental funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:	(16,125,802)
In governmental funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. The difference between accrual-basis OPEB costs and actual employer contributions was:	(13,742,865)
In the statement of activities, expenses related to compensated absences are measured by the amounts earned during the year. In governmental funds, expenditures are measured by the amount of financial resources used (Note 6).	119,688
Change in net position of governmental activities	$ 20,771,016

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

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
TRUST AND CUSTODIAL FUNDS
June 30, 2021

	Trust Fund	Custodial Fund
	Private-Purpose Trust Fund	Debt Service Fund for Special Assessment Debt
ASSETS		
Cash and investments (Note 2):		
Cash in County Treasury	$ 59,279	$ 6,617,544
Cash with Fiscal Agent	-	95,635
Total assets	$ 59,279	$ 6,713,179
LIABILITIES		
Accounts payable	-	4,196
NET POSITION		
Restricted	$ 59,279	$ 6,708,983

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

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
TRUST AND CUSTODIAL FUNDS
For the Year Ended June 30, 2021

	Trust Fund	Custodial Fund
	Private-Purpose Trust Fund	Debt Service Fund for Special Assessment Debt
Additions:		
Other local sources - interest	$ 286	$ 26,022
Other local sources - supplemental taxes	-	6,506,417
Total additions	286	6,532,439
Deductions:		
Debt service:		
Principal retirement	-	2,385,000
Interest	-	338,721
Total deductions	-	2,723,721
Income before transfers	286	3,808,718
Transfers to District	-	(3,773,231)
Change in net position	286	35,487
Net position, July 1, 2020	58,993	-
Cumulative effect of GASB 84 implementation	-	6,673,496
Net position, July 1, 2020, as restated	58,993	6,673,496
Net position, June 30, 2021	$ 59,279	$ 6,708,983

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mount Diablo Unified School District (the "District") accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The following is a summary of the more significant policies:

Reporting Entity: The Board of Education is the level of government which has governance responsibilities over all activities related to public school education in the District. The Board is not included in any other governmental "reporting entity" as defined by the Governmental Accounting Standards Board since Board members have decision-making authority, the power to designate management, the responsibility to significantly influence operations and primary accountability for fiscal matters.

The District receives funding from local, state and federal governmental sources and must comply with all the requirements of these funding source entities.

Reporting Entity - Mount Diablo Unified School District Education Facilities Financing Corporation: The District and the Mount Diablo Unified School District Education Facilities Financing Corporation (the "Corporation") have a financial and operational relationship which meets the reporting entity definition criteria of the GASB Codification Section (Cod. Sec.) 2100.101, as amended by GASB Cod. Sec. 2100.138, for inclusion of the Corporation as a component unit of the District. Accordingly, the financial activities of the Corporation are included in these financial statements using the blended presentation method, as if they were part of the District's operations. The Corporation is considered a blended component unit as the governing board of the Corporation is essentially the same as the governing board of the District, and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Corporation's financial activity is presented in the governmental fund financial statements as the Capital Projects for Blended Component Units Fund, and in the fiduciary financial statement as the Debt Service Fund for Special Assessment Debt. Special Tax Bonds issued by the Corporation are not included in the long-term liabilities of the Statement of Net Position as they are not obligations of the District. Individually prepared financial statements are not prepared for the Corporation.

Basis of Presentation - Financial Statements: The basic financial statements include a Management's Discussion and Analysis (MD & A) section providing an analysis of the District's overall financial position and results of operations, financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure, and a focus on the major funds.

Basis of Presentation - Government-Wide Financial Statements: The Statement of Net Position and the Statement of Activities display information about the reporting government as a whole. Fiduciary funds are not included in the government-wide financial statements. Fiduciary funds are reported only in the Statement of Fiduciary Net Position and the Statement of Change in Fiduciary Net Position at the fund financial statement level.

The Statement of Net Position and the Statement of Activities are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of Government Accounting Standards Board Codification Section (GASB Cod. Sec.) N50.118-.121.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program revenues: Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

Allocation of indirect expenses: The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term liabilities is considered an indirect expense and is reported separately on the Statement of Activities.

Basis of Presentation - Fund Accounting: The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenditures. District resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

A - Major Funds

General Fund: The General Fund is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Building Fund: The Building Fund is a capital projects fund used to account for resources used for the acquisition or construction of major capital facilities and equipment, and primarily includes proceeds from the sale of bonds.

Bond Interest and Redemption Fund: The Bond Interest and Redemption Fund is a debt service fund used to account for the accumulation of resources for, and the repayment of, general long-term debt principal, interest, and related costs.

B - Other Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. This classification includes the Student Activity, Adult Education, and Cafeteria Funds.

Capital Project funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities of the District. This classification includes the Capital Facilities, County School Facilities, and Capital Projects for Blended Component Units Fund.

The Foundation Private-Purpose Trust Fund is a Trust Fund that used to account separately for gifts or bequests that at benefit individuals, private organizations, or other governments and under which neither principal nor income may be used for purposes that support the District’s own programs.

The Debt Service Fund for Special Assessment Debt is a Custodial Fund that is used to account for the accumulation of resources for, and the repayment of Special Tax Bonds issued through the Corporation.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting: Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Accrual: Governmental activities in the government-wide financial statements and the fiduciary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual: The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or within 60 days after year end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term liabilities, if any, is recognized when due.

Budgets and Budgetary Accounting: By state law, the Board of Education must adopt a final budget by July 1. A public hearing is conducted to receive comments prior to adoption. The Board of Education complied with these requirements.

Receivables: Receivables are made up principally of amounts due from the State of California and categorical programs. The District has determined that no allowance for doubtful accounts was necessary as of June 30, 2021.

Stores Inventory: Inventory recorded in the General and Cafeteria Funds are valued at average cost and consists mainly of consumable supplies. Inventories are recorded as expenditures at the time items are transferred from the warehouse to the schools and offices.

Capital Assets: Capital assets purchased or acquired, with an original cost of $25,000 or more for land, site improvements and buildings and $10,000 or more for equipment, are recorded at historical cost or estimated historical cost. Contributed assets are reported at acquisition value for the contributed asset. Additions, improvements and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Capital assets are depreciated using the straight-line method over 5 - 50 years depending on asset types.

Deferred Outflows/Inflows of Resources: In addition to assets, the Statement of Net Position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods, and as such will not be recognized as an outflow of resources (expense/expenditures) until then. The District has recognized a deferred loss on debt refunding, which results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt. The District has also recognized deferred outflows of resources related to the recognition of the net pension and total OPEB liabilities, which are reported in the Statement of Net Position.

In addition to liabilities, the Statement of Net Position includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and as such, will not be recognized as an inflow of resources (revenue) until that time. The District has recognized deferred inflows of resources related to the recognition of the net pension and total OPEB liabilities, which are reported in the Statement of Net Position.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pensions: For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and Public Employers Retirement Fund B (PERF B) and additions to/deductions from STRP's and PERF B's fiduciary net position have been determined on the same basis as they are reported by STRP and PERF B. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Certain investments are reported at fair value. The following is a summary of pension amounts in aggregate:

	STRP	PERF B	Total
Deferred outflows of resources	$ 66,874,689	$ 19,226,538	$ 86,101,227
Deferred inflows of resources	$ 36,766,000	$ 8,228,000	$ 44,994,000
Net pension liability	$ 256,117,000	$ 114,917,000	$ 371,034,000
Pension expense	$ 50,776,289	$ 18,199,677	$ 68,975,966

Compensated Absences: Compensated absences benefits totaling $4,007,631 are recorded as a liability of the District. The liability is for the earned but unused benefits.

Accumulated Sick Leave: Accumulated sick leave benefits are not recognized as liabilities of the District. The District's policy is to record sick leave as an operating expenditure or expense in the period taken since such benefits do not vest nor is payment probable; however, unused sick leave is added to the creditable service period for calculation of retirement benefits for certain STRP and PERF B member employees, when the employee retires.

Unearned Revenue: Revenue from federal, state, and local special projects and programs is recognized when qualified expenditures have been incurred. Funds received but not earned are recorded as unearned revenue until earned.

Net Position: Net position is displayed in three components:

1 - Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances (excluding unspent bond proceeds) of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

2 - Restricted Net Position - Restrictions of the ending net position indicate the portions of net position not appropriable for expenditure or amounts legally segregated for a specific future use. The restriction for legally restricted programs represents the portion of net position restricted to specific program expenditures. The restrictions for capital projects and debt service represents the portion of net position restricted for capital projects and the retirement of debt, respectively. The restrictions for the private-purpose trust fund and custodial fund represent net position which is to be used for future private-purpose and debt service on special assessment debt, respectively. It is the District's policy to first use restricted net position when allowable expenditures are incurred.

3 - Unrestricted Net Position - All other net position that do not meet the definitions of "restricted" or "net investment in capital assets".

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classifications: Governmental Accounting Standards Board Codification Sections 1300 and 1800, Fund Balance Reporting and Governmental Fund Type Definitions (GASB Cod. Sec. 1300 and 1800) implements a five-tier fund balance classification hierarchy that depicts the extent to which a government is bound by spending constraints imposed on the use of its resources. The five classifications, discussed in more detail below, are nonspendable, restricted, committed, assigned and unassigned.

A - *Nonspendable Fund Balance*: The nonspendable fund balance classification reflects amounts that are not in spendable form, such as revolving fund cash and stores inventory.

B - *Restricted Fund Balance*: The restricted fund balance classification reflects amounts subject to externally imposed and legally enforceable constraints. Such constraints may be imposed by creditors, grantors, contributors, or laws or regulations of other governments, or may be imposed by law through constitutional provisions or enabling legislation. These are the same restrictions used to determine restricted net position as reported in the government-wide and fiduciary fund statements.

C - *Committed Fund Balance*: The committed fund balance classification reflects amounts subject to internal constraints self-imposed by formal action of the Board of Education. The constraints giving rise to committed fund balance must be imposed no later than the end of the reporting period. The actual amounts may be determined subsequent to that date but prior to the issuance of the financial statements. Formal action by the Board of Education is required to remove any commitment from any fund balance. At June 30, 2021, the District had no committed fund balances.

D - *Assigned Fund Balance*: The assigned fund balance classification reflects amounts that the District's Board of Education has approved to be used for specific purposes, based on the District's intent related to those specific purposes. The Board of Education can designate personnel within the District to assign fund balances, however, as of June 30, 2021, no such designation has occurred.

E - *Unassigned Fund Balance*: In the General Fund only, the unassigned fund balance classification reflects the residual balance that has not been assigned to other funds and that is not restricted, committed, or assigned to specific purposes.

In any fund other than the General Fund, a positive unassigned fund balance is never reported because amounts in any other fund are assumed to have been assigned, at least, to the purpose of that fund. However, deficits in any fund, including the General Fund that cannot be eliminated by reducing or eliminating amounts assigned to other purposes are reported as negative unassigned fund balance.

Fund Balance Policy: The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and unassigned fund balances.

While GASB Cod. Sec. 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Cod. Sec. 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2021, the District has established a minimum fund balance policy requiring no less than 2% of General Fund expenditures and other financing uses. At June 30, 2021, the District has not established a stabilization arrangement.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes: Secured property taxes are attached as an enforceable lien on property as of March 1. Taxes are due in two installments on or before December 10 and April 10. Unsecured property taxes are due in one installment on or before August 31. The County of Contra Costa bills and collects taxes for the District. Tax revenues are recognized by the District when received.

Encumbrances: Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid.

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results may differ from those estimates.

Eliminations and Reclassifications: In the process of aggregating data for the Statement of Net Position and the statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

New Accounting Pronouncements: In January 2017, the GASB issued GASB Statement No. 84, *Fiduciary Activities* (GASB 84). The principal objective of GASB 84 is to enhance the consistency and comparability of fiduciary activity reporting by state and local governments. The provisions of GASB 84 are effective for reporting periods beginning after December 15, 2019. Based on the implementation of GASB 84, the District restated the beginning net position of governmental activities, as well as the beginning balance of aggregate remaining fund information for a total of $889,104, to report the student activity fund as a governmental fund. In addition, due to GASB 84, the District restated the beginning balance of aggregate remaining fund information to present the Debt Service Fund for Special Assessment Debt in accordance with the new requirements.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments at June 30, 2021 consisted of the following:

	Governmental Activities	Fiduciary Activities
Pooled Funds:		
Cash in County Treasury	$ 190,851,034	$ 6,676,823
Local Agency Investment Fund	3,689,481	-
Deposits:		
Cash on hand and in banks	2,194,864	-
Cash in revolving fund	303,500	-
Investments:		
Cash with fiscal agent	9,791,077	95,635
Total	$ 206,829,956	$ 6,772,458

(Continued)

NOTE 2 - CASH AND INVESTMENTS (Continued)

Pooled Funds: In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest bearing Contra Costa County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the County Treasurer, which is recorded on the amortized basis.

Local Agency Investment Fund: Mount Diablo Unified School District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The amortized cost of the District's investment in the pool is reported in the accompanying financial statements based upon the District's pro-rata share of the amortized cost as provided by LAIF, as a percentage of the entire LAIF portfolio. The funds maintained in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds may be withdrawn at any time up to the total amount on deposit with LAIF. Most withdrawals are accessible and transferable to the District’s master account on the same day as the request, except for amounts greater than $10,000,000, which require at least twenty-four hours’ advance notice. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by Federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. As of June 30, 2021, this fund was yielding approximately 0.33% interest annually. LAIF investments are audited annually by the Pooled Money Investment Board and the State Controller's Office. Copies of this audit may be obtained from the State Treasurer's Office: 915 Capitol Mall; Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

Deposits - Custodial Credit Risk: The District limits custodial credit risk by ensuring uninsured balances are collateralized by the respective financial institution. Cash balances held in banks are insured up to $250,000 by the Federal Deposit Insurance Corporation (FDIC) and are collateralized by the respective financial institution. At June 30, 2021, the carrying amount of the District's accounts totaled $2,498,364 and the bank balances were $2,498,364. The total uninsured bank balances at June 30, 2021 were $2,232,584.

Cash with Fiscal Agent: Cash with Fiscal Agent represents amounts held by a third party custodian in the District's name. The balances are comprised entirely of cash equivalents and are carried at amortized cost.

Interest Rate Risk: The District does not have a formal investment policy that limits cash and investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2021, the District had no significant interest rate risk related to cash and investments held.

Credit Risk: The District does not have a formal investment policy that limits its investment choices other than the limitations of state law.

Concentration of Credit Risk: The District does not place limits on the amount it may invest in any one issuer. At June 30, 2021, the District had no concentration of credit risk.

(Continued)

NOTE 3 - INTERFUND TRANSACTIONS

Interfund Activity: Transactions between funds of the District are recorded as interfund transfers. The unpaid balances at year end, as a result of such transactions, are shown as due to and due from other funds.

Interfund Receivables/Payables: Individual fund interfund receivable and payable balances at June 30, 2021 were as follows:

Fund	Interfund Receivables	Interfund Payables
Major Funds:		
General	$ 61	$ 456,627
Building	270,962	-
Non-Major Funds:		
Cafeteria	-	61
Capital Facilities	304,890	-
Capital Projects for Blended Component Units	-	119,225
	$ 575,913	$ 575,913

Transfers: Transfers consist of operating transfers from funds receiving revenue to funds through which the resources are to be expended.

Transfers for the year ended June 30, 2021 were as follows:

Transfers from the Adult Education Fund to the General Fund for indirect cost support.	$ 66,370
Transfers from the Cafeteria Fund to the General Fund for indirect cost support.	101,624
	$ 167,994

NOTE 4 - CAPITAL ASSETS

A schedule of changes in capital assets for the year ended June 30, 2021 is shown below:

	Balance July 1, 2020	Transfers and Additions	Transfers and Deletions	Balance June 30, 2021
Non-depreciable:				
Land	$ 14,436,462	$ -	$ -	$ 14,436,462
Construction in progress	35,465,009	20,684,354	(9,055,542)	47,093,821
Depreciable:				
Land improvements	119,091,681	4,322,112	-	123,413,793
Buildings	730,512,531	4,733,430	-	735,245,961
Equipment	25,723,942	2,249,700	-	27,973,642
Totals, at cost	925,229,625	31,989,596	(9,055,542)	948,163,679
Less accumulated depreciation:				
Land improvements	(39,799,483)	(6,170,690)	-	(45,970,173)
Buildings	(305,367,066)	(14,704,919)	-	(320,071,985)
Equipment	(21,488,615)	(1,864,909)	-	(23,353,524)
Total accumulated depreciation	(366,655,164)	(22,740,518)	-	(389,395,682)
Capital assets, net	$ 558,574,461	$ 9,249,078	$ (9,055,542)	$ 558,767,997

Depreciation expense was charged to governmental activities as follows:

Instruction	$ 57,758
School site administration	10,473
Home-to-school transportation	234,188
Food services	93,586
General administration	19,727
Data processing	424,494
Plant services	21,900,292
Total depreciation expense	$ 22,740,518

NOTE 5 – TAX REVENUE ANTICIPATION NOTES

On January 28, 2021, the District issued Tax Revenue Anticipation Notes (TRANs), in the total amount of $41,055,000. The TRANs are considered a general obligation of the District and are payable from property taxes and principal apportionment generated by the District. The TRANs secured by a pledge of certain unrestricted revenues received by the District issuing such TRANs for its General Fund, and constitute a first lien and charge payable from the first monies received by the District from such pledged revenues. The TRANs bear interest at 2.0% and mature on December 1, 2021.

(Continued)

NOTE 6 - LONG-TERM LIABILITIES

General Obligation Bonds

Bond	Issue Year	Interest Rate %	Maturity Date	Amount of Original Issuance	Outstanding July 1, 2020	Redeemed Current Year	Outstanding June 30, 2021
Measure C							
Series A	2011	3.5 - 5.0%	2035	$ 50,456,475	$ 50,355,218	$ 28,603	$ 50,326,615
Series B	2011	3.0 - 5.0%	2027	59,540,000	38,410,000	6,205,000	32,205,000
Series C	2011	2.0 - 4.0%	2025	3,865,000	3,860,000	-	3,860,000
Series D	2011	3.0 - 5.0%	2028	7,133,582	5,665,000	575,000	5,090,000
Series E	2012	3.0 - 5.0%	2037	149,995,000	134,250,000	1,665,000	132,585,000
Series F	2016	4.15 - 5.3%	2025	38,500,000	13,495,000	3,920,000	9,575,000
Series G	2017	1.0 - 5.0%	2031	38,500,000	36,900,000	1,325,000	35,575,000
Refunding Bonds							
2002 Series B	2011	3.0 - 5.0%	2023	43,700,000	20,695,000	4,830,000	15,865,000
2002 Series B2	2012	3.0 - 5.0%	2029	40,540,000	39,955,000	-	39,955,000
2002 Series C	2013	3.0 - 5.0%	2031	54,015,000	47,375,000	1,325,000	46,050,000
2011 Refunding	2011	3.0 - 5.5%	2026	37,790,000	18,895,000	1,255,000	17,640,000
Measure J							
Series A	2019	2.20%	2024	20,000,000	20,000,000	5,462,000	14,538,000
				$544,035,057	$429,855,218	$ 26,590,603	$403,264,615

Accreted Interest

Series	Beginning	Accretion	Deductions	Total
Measure C - Series A	$ 37,080,919	$ 5,408,200	$ 61,397	$ 42,427,722

As of June 30, 2021 the outstanding General Obligation Bonds are scheduled to mature as follows:

Year Ending June 30,	Principal	Interest	Total
2022	$ 27,867,954	$ 18,929,968	$ 46,797,922
2023	30,077,402	18,054,771	48,132,173
2024	22,395,691	18,970,811	41,366,502
2025	24,126,577	183,112,212	207,238,789
2026	25,858,275	17,460,651	43,318,926
2027-2031	145,950,753	84,464,405	230,415,158
2032-2036	98,977,963	42,568,779	141,546,742
2037-2038	28,010,000	1,818,833	29,828,833
	$ 403,264,615	$ 385,380,430	$ 788,645,045

(Continued)

NOTE 6 - LONG -TERM LIABILITIES (Continued)

Construction Loan: In February 2003, the Redevelopment Agency of the City of Pittsburg (City) made an interest-free loan totaling $6,178,936 to the District. The purpose of the loan was to finance the construction of an elementary school within the City of Pittsburg. Beginning June 1, 2005, the District pays 24% of all impact fees collected by the District in the City of Pittsburg incurred after January 1, 2005. The District will continue to make payments equal to 24% of impact fees collected in the City every six months on June 1st and January 1st of each year through June 1, 2040, or until the loan is paid off, whichever occurs first. The balance due on the Construction Loan as of June 30, 2021 is $3,730,285.

Certificates of Participation: In October 2018, the District issued 2018 Certificates of Participation (2018 COPS) to finance the improvement of certain educational facilities of the District. The 2018 COPs bear interest at 5.0% per annum, and mature through September 1, 2026. The following is a schedule of future lease payments: Debt service obligations for the 2018 COPS are made from surplus proceeds received from special tax assessments

Year Ending June 30,	Principal	Interest	Total
2022	$ 2,825,000	$ 772,625	$ 3,597,625
2023	2,690,000	634,750	3,324,750
2024	2,335,000	509,125	2,844,125
2025	2,360,000	391,750	2,751,750
2026	3,360,000	248,750	3,608,750
2027	3,295,000	82,375	3,377,375
	$ 16,865,000	$ 2,639,375	$ 19,504,375

Supplemental Employee Retirement Plan: Effective July 2020, the District established a Supplemental Employee Retirement Plan (SERP) for certain qualifying District employees. Under the terms of the SERP, the District will make annual contributions of $1,733,320 to the plan for the future benefits to be paid to qualifying employees. Payments are made equally over a period of five fiscal years, for a total obligation of $8,666,600. At June 30, 2021, the outstanding balance of future District contributions was $6,933,280.

(Continued)

NOTE 6 - LONG -TERM LIABILITIES (Continued)

A schedule of changes in long-term liabilities for the year ended June 30, 2021 is shown below:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Amounts Due Within One Year
Debt:					
General Obligation Bonds	$ 429,855,218	$ -	$ 26,590,603	$ 403,264,615	$ 27,867,954
Accreted interest	37,080,919	5,408,200	61,397	42,427,722	3,159,046
Unamortized premiums	25,924,041	-	2,915,031	23,009,010	2,931,549
Construction loan	3,883,672	-	153,387	3,730,285	-
Certificates of participation	18,435,000	-	1,570,000	16,865,000	2,825,000
Capitalized leases	165,149	-	165,149	-	-
Other Long-Term Liabilities:					
Total OPEB liability (Note 8)	213,427,260	7,381,075	-	220,808,335	-
Supplemental Employee Retirement Plan (SERP)	-	8,666,600	1,733,320	6,933,280	1,733,320
Net pension liability (Note 9 and 10)	379,179,000	-	8,145,000	371,034,000	-
Compensated absences	4,127,319	-	119,688	4,007,631	-
	$ 1,112,077,578	$ 21,455,875	$ 41,453,575	$ 1,092,079,878	$ 38,516,869

Payments on General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the construction loan are made from the Capital Facilities Fund. Payments on capitalized leases are made from the General Fund. Payments on the COPS are reported as a pass-through in the General Fund, from excess special tax assessments received by the Debt Service Fund for Special Assessment Debt. Payments toward the net pension liability, total OPEB liability, and compensated absences are made from the fund for which the related employee worked.

Non-Obligatory Debt: Non-obligatory debt relates to debt issuances by the Community Facility Districts, as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Marks-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. The outstanding principal balance of special assessment debt totaling $5,665,000 at June 30, 2021, does not represent debt of the District and, as such, does not appear in these financial statements.

(Continued)

NOTE 7 - FUND BALANCES

Fund balances, by category, at June 30, 2021 consisted of the following:

	General Fund	Building Fund	Bond Interest and Redemption Fund	All Non-Major Funds	Total
Nonspendable:					
Revolving cash fund	$ 303,500	$ -	$ -	$ -	$ 303,500
Prepaid expenses	44,744	-	-	-	44,744
Stores inventory	346,597	-	-	126,267	472,864
Subtotal nonspendable	694,841	-	-	126,267	821,108
Restricted:					
Legally restricted:					
Grants	23,142,461	-	-	-	23,142,461
Student activities	-	-	-	889,104	889,104
Adult ed programs	-	-	-	2,337,465	2,337,465
Cafeteria operations	-	-	-	5,068,133	5,068,133
Capital projects	-	42,712,771	-	20,880,879	63,593,650
Debt service	-	-	41,605,391	-	41,605,391
Subtotal restricted	23,142,461	42,712,771	41,605,391	29,175,581	136,636,204
Assigned:					
Textbook adoption	20,741,406	-	-	-	20,741,406
Technology refresh	7,537,727	-	-	-	7,537,727
403(b) supplementary retirement plan contribution	5,199,960	-	-	-	5,199,960
LCFF Supplemental	4,892,404	-	-	-	4,892,404
Vacation payout	986,211	-	-	-	986,211
Reserve for anticipated deficit spending	15,535,204	-	-	-	15,535,204
Subtotal Assigned	54,892,912	-	-	-	54,892,912
Unassigned:					
Designated for economic uncertainty	10,590,483	-	-	-	10,590,483
Total fund balances	$ 89,320,697	$ 42,712,771	$ 41,605,391	$ 29,301,848	$202,940,707

(Continued)

NOTE 8 – OTHER POSTEMPLOYMENT BENEFITS

General Information about the Other Postemployment Benefits Plan

Plan Description: The District provides healthcare benefits to eligible employees who retire from the District, as part of a single-employer defined benefit postemployment healthcare plan (the "Plan"). The Plan is administered by the District and allows employees who retire after having achieved retirement eligibility requirements to continue receiving medical coverage. The benefits from the Plan are available to Mount Diablo Educators Association (MDEA) employees, classified employees (Including Local 1 CST, Teamsters 856 and CSEA Employees), management & confidential employees, psychologists, and supervisors. The District's Board of Education has the authority to establish or amend the benefit terms offered by the Plan. The Board of Education also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2021, the District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB liability, and the plan does not issue separate financial statements.

Benefits Provided: In accordance with contracts between the District and the respective employee groups, eligible employees are entitled to receive certain medical benefits through the Plan. Benefits provided vary depending on employee group, age at retirement, and number of years of service to the District:

MDEA Employees: The District pays for the cost of retiree plus one eligible dependent (depending on age of dependent at retirement) and all dependents for dental coverage for a period of 10 years or to the retiree's attainment of age 65, if earlier. The District's pre-65 contribution is capped at the current Kaiser HMO rate for retirees in the service area and the actual premium rate for retirees outside the service area. Upon reaching age 65, the District pays the CalPERS minimum required contribution only. An eligible retiree can elect additional dependent coverage but will be required to pay any additional costs above the District contribution. Dental benefits are only provided to eligible employees retiring prior to age Upon the death of the retiree, a surviving spouse can continue medical coverage through the CalPERS Health Program and receive a District contribution through the retiree age 65. For continuation after the retirees age 65, the District's contribution is equal to the CalPERS minimum required contribution. All dental coverage ceases when the retiree attains or would have attained age 65.

Classified Employees (including Local 1 CST, Teamsters 856 and CSEA members): The District pays for the cost of retiree only coverage for a period of 10 years or to the retiree's attainment of age 65, if earlier. If retiring on or after July 1, 2007 but prior to July 1, 2015, the District's pre-65 contribution is capped at the 2010 Kaiser HMO rate. If retiring on or after July 1, 2015 but prior to July 1, 2016, the District's pre-65 contribution is capped at 80% of the 2015 Kaiser HMO rate. If retiring on or after July 1, 2016, the District's pre-65 contribution is subject to a maximum of the Kaiser rate. Upon reaching age 65, the District pays the CalPERS minimum required contribution only. An eligible retiree can elect additional dependent coverage but will be required to pay any additional costs above the District contribution. Upon the death of the retiree, a surviving spouse can continue medical coverage through CalPERS Health Program and receive a District contribution equal to the CalPERS minimum required contribution.

Management and Confidential Employees: The District pays for the cost of retiree plus one eligible dependent (depending on age of dependent at retirement) and all dependents for dental coverage for a period of 10 years or to the retiree's attainment of age 65, if earlier. The District's pre-65 contribution is capped at the current Kaiser HMO rate for retirees in the service area and the actual premium rate for retirees outside the service area. Upon reaching age 65, the District pays the CalPERS minimum required contribution only. An eligible retiree can elect additional dependent coverage but will be required to pay any additional costs above the District contribution. Dental benefits are only provided to eligible employees retiring prior to age 64.

(Continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Upon the death of the retiree, a surviving spouse can continue medical coverage through the CalPERS Health Program and receive a District contribution through the retiree age 65. For continuation after the retirees age 65, the District's contribution is equal to the CalPERS minimum required contribution. All dental coverage ceases when the retiree attains or would have attained age 65.

Psychologists: The District pays for the cost of retiree only coverage for a period of 10 years or to the retiree's attainment of age 65, if earlier. If retiring on or after July 1, 2007 but prior to July 1, 2015, the District's pre-65 contribution is capped at the 2010 Kaiser HMO rate. If retiring on or after July 1, 2015 but prior to July 1, 2016, the District's pre-65 contribution is capped at 80% of the 2015 Kaiser HMO rate. If retiring on or after July 1, 2016, the District's pre-65 contribution is subject to a maximum of the Kaiser rate. Upon reaching age 65, the District pays the CalPERS minimum required contribution only. An eligible retiree can elect additional dependent coverage but will be required to pay any additional costs above the District contribution. Upon the death of the retiree, a surviving spouse can continue medical coverage through CalPERS Health Program and receive a District contribution equal to the CalPERS minimum required contribution.

Supervisors: The District pays for the cost of retiree only coverage for a period of 10 years or to the retiree's attainment of age 65, if earlier. If retiring on or after July 1, 2007 but prior to July 1, 2015, the District's pre-65 contribution is capped at the 2010 Kaiser HMO rate. If retiring on or after July 1, 2015 but prior to July 1, 2016, the District's pre-65 contribution is capped at 80% of the 2015 Kaiser HMO rate. If retiring on or after July 1, 2016, the District's pre-65 contribution is subject to a maximum of the Kaiser rate. Upon reaching age 65, the District pays the CalPERS minimum required contribution only. An eligible retiree can elect additional dependent coverage but will be required to pay any additional costs above the District contribution. Upon the death of the retiree, a surviving spouse can continue medical coverage through CalPERS Health Program and receive a District contribution equal to the CalPERS minimum required contribution.

Employees Covered by Benefit Terms: The following is a table of plan participants at June 30, 2021:

	Number of Participants
Inactive Plan members, covered spouses, or beneficiaries currently receiving benefits	1,447
Active employees	3,191
	4,638

Contributions: California Government Code specifies that the District's contribution requirements for covered employees are established and may be amended by the District's Governing Board. Amounts paid by the District as benefits came due were $7,764,967 for the year ended June 30, 2021. Employees are not required to contribute to the OPEB plan.

(Continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Total OPEB Liability

The District's total OPEB liability was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions: The total OPEB liability in the June 30, 2021 actuarial report was determined using the following actuarial assumptions, which were applied to all periods included in the measurement, unless otherwise specified:

Actuarial Method	Entry Age actuarial cost, level percentage of payroll.
Discount Rate	2.16%.
Health Care Increases	4.00% per annum
Mortality Rates	Mortality rates are based on 2017 CalPERS Mortality tables for applicable classified employees, and 2020 CalSTRS Mortality tables for applicable certificated employees.
Retirement Rates	Retirement rates are based on the applicable 2017 CalPERS rates for classified employees, and applicable 2020 CalSTRS rates for certificated employees.
Health Plan Coverage Elections	100% of eligible employees are assumed to elect coverage upon retirement. 70% of future retirees and surviving spouses are assumed to elect to continue coverage when the District's contribution provided is the CalPERS minimum required contribution. 80% of future retirees are assumed to elect coverage for their spouse. Male spouses are assumed to be 3 years older than female spouses.
Termination Rates	Termination rates are taken from the most recent experience studies for CalPERS (2017) for applicable classified employees and CalSTRS (2020) for applicable certificated employees.
Inflation Rate	2.50% per year
Salary Increases	2.75% per year

Discount Rate: Given the District's decision not to fund the program, all future benefit payments were discounted using a high quality municipal bond rate of 2.16%. The municipal bond rate was based on the week closest but not later than the measurement date of the S&P Municipal Bond 20 Year High Grade Rate Index, at the measurement date, as published by the Federal Reserve.

(Continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2020	$ 213,427,260
Changes for the year:	
Service cost	13,151,256
Interest	5,748,803
Differences between actual and expected experience	(83,800)
Changes in assumptions	(3,670,217)
Benefit payments	(7,764,967)
Net change	7,381,075
Balance at June 30, 2021	$ 220,808,335

The changes in assumptions in the June 30, 2021 actuarial measurement from the June 30, 2020 actuarial measurement include a change in the discount rate from 2.66% to 2.16%, an update to inflation rate from 2.75% to 2.50%, and an update to the salary increase rate from 3.00% to 2.75%.

Sensitivity of the Total OPEB Liability to Changes in The Discount Rate: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Total OPEB liability	$ 250,238,346	$ 220,808,335	$ 196,257,859

Sensitivity of the Total OPEB Liability To Changes in the Healthcare Cost Trend Rates: The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

	1% Decrease (3.0%)	Healthcare Cost Trend Rates (4.0%)	1% Increase (5.0%)
Total OPEB liability	$ 186,701,628	$ 220,808,335	$ 264,160,665

(Continued)

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2021, the District recognized OPEB expense of $21,507,830. At June 30, 2021, the District reported deferred outflows and deferred inflows of resources related to the OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 3,566,823	$ 74,055
Changes of assumptions	12,089,053	3,897,235
Total	$ 15,655,876	$ 3,971,290

The amounts reported as deferred outflows and deferred inflows related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2022	$ 2,607,771
2023	$ 2,607,771
2024	$ 2,934,665
2025	$ 949,070
2026	$ 949,070
Thereafter	$ 1,636,239

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN

General Information about the State Teachers' Retirement Plan

Plan Description: Teaching-certified employees of the District are provided with pensions through the State Teachers' Retirement Plan (STRP) – a cost-sharing multiple-employer defined benefit pension plan administered by the California State Teachers' Retirement System (CalSTRS). The Teachers' Retirement Law (California Education Code Section 22000 et seq.), as enacted and amended by the California Legislature, established this plan and CalSTRS as the administrator. The benefit terms of the plans may be amended through legislation. CalSTRS issues a publicly available financial report that can be obtained at http://www.calstrs.com/comprehensive-annual-financial-report.

Benefits Provided: The STRP Defined Benefit Program has two benefit formulas:

- CalSTRS 2% at 60: Members first hired on or before December 31, 2012, to perform service that could be creditable to CalSTRS.
- CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS.

The Defined Benefit Program provides retirement benefits based on members' final compensation, age and years of service credit. In addition, the retirement program provides benefits to members upon disability and to survivors/beneficiaries upon the death of eligible members. There are several differences between the two benefit formulas which are noted below.

CalSTRS 2% at 60

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

CalSTRS calculates retirement benefits based on a one-year final compensation for members who retired on or after January 1, 2001, with 25 or more years of credited service, or for classroom teachers with less than 25 years of credited service if the employer elected to pay the additional benefit cost prior to January 1, 2014. One-year final compensation means a member's highest average annual compensation earnable for 12 consecutive months calculated by taking the creditable compensation that a member could earn in a school year while employed on a fulltime basis, for a position in which the person worked. For members with less than 25 years of credited service, final compensation is the highest average annual compensation earnable for any 36 consecutive months of credited service.

CalSTRS 2% at 62

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

All CalSTRS 2% at 62 members have their final compensation based on their highest average annual compensation earnable for 36 consecutive months of credited service.

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Contributions: Required member, employer and state contribution rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. Contribution rates are expressed as a level percentage of payroll using the entry age normal actuarial cost method.

In June 2019, California Senate Bill 90 (SB 90) was signed into law and appropriated approximately $2.2 billion in fiscal year 2018–19 from the state's General Fund as contributions to CalSTRS on behalf of employers. The bill required portions of the contribution to supplant the amounts remitted by employers such that the amounts remitted will be 1.03 and 0.70 percentage points less than the statutorily required amounts due for fiscal years 2019–20 and 2020–21, respectively. The remaining portion of the contribution, approximately $1.6 billion, was allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program.

California Assembly Bill 84, Chapter 16, Statutes of 2020, (AB 84) was signed into law in June 2020 and revised certain provisions of Teachers' Retirement Law enacted by SB 90. Specifically, AB 84 repurposed the aforementioned $1.6 billion contribution originally intended to reduce employers' long-term liabilities, to further supplant employer contributions through fiscal year 2021–22. Pursuant to AB 84, employers will remit contributions to CalSTRS based on a rate that is 2.95 percent less than the statutory rate for fiscal year 2020–21 and 2.18 percent less than the rate set by the board for fiscal year 2021–22. Any remaining amounts must be allocated to reduce the employers' share of the unfunded actuarial obligation of the DB Program. The rate reduction for fiscal year 2019-20 under SB 90 was not changed by AB 84. The employer contribution rates set in statute and the board's authority to adjust those rates starting in fiscal year 2021–22 under the CalSTRS Funding Plan were not changed by the passage of SB 90 or AB 84.

In addition, the board's rate-setting authority for the state contribution rate was suspended for fiscal year 2020–21 by AB 84. Although the board exercised its authority in May 2020 to increase the state contribution rate by 0.50 percent effective July 1, 2020, the rate increase did not go into effect. Instead, the state rate remained at the 2019–20 level of 7.828 percent.

A summary of statutory contribution rates and other sources of contributions to the DB Program pursuant to the CalSTRS Funding Plan, SB 90 and SB84, are as follows:

Members - Under CalSTRS 2% at 60, the member contribution rate was 10.25 percent of applicable member earnings for fiscal year 2020-2021.

Under CalSTRS 2% at 62, members contribute 50 percent of the normal cost of their retirement plan, which resulted in a contribution rate of 10.205 percent of applicable member earnings for fiscal year 2020-2021. According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1percent since the last timethe member contribution rate was set. Based on the June 30, 2019, valuation adopted by the board in May 2020, the increase in normal cost was less than 1percent.Therefore, the contribution rate for CalSTRS 2% at 62 members did not change effective July 1, 2020.

According to current law, the contribution rate for CalSTRS 2% at 62 members is adjusted if the normal cost increases or decreases by more than 1 percent since the last time the member contribution rate was set. Based on the June 30, 2017, valuation adopted by the board in May 2018, the increase in normal cost was greater than 1 percent. Therefore, contribution rates for CalSTRS 2% at 62 members will increase by 1 percent effective July 1, 2018.

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Employers – 16.15 percent of applicable member earnings. This rate reflects the original employer contribution rate of 19.10 percent resulting from the CalSTRS Funding Plan, and subsequently reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90 and AB 84.

The CalSTRS Funding Plan, which was enacted in June 2014 with the passage of California Assembly Bill (AB) 1469, required that employer contributions will increase from 8.25 percent to a total of 19.1 percent of applicable member earnings phased in over seven years starting in 2014. The legislation gave the CalSTRS board limited authority to adjust employer contribution rates from July 1, 2021 through June 2046 in order to eliminate the remaining unfunded actuarial obligation related to service credited to members prior to July 1, 2014. The CalSTRS board cannot adjust the rate by more than 1 percent in a fiscal year, and the total contribution rate in addition to the 8.25 percent cannot exceed 12 percent.

The CalSTRS employer contribution rates effective for fiscal year 2020-2021 through fiscal year 2046-47 are summarized in the table below:

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	Rate Adjustment Per Special Legislation	Total
July 1, 2020	8.250%	10.850%	(2.950%)	16.150%
July 1, 2021	8.250%	10.850%	(2.180%)	16.920%
July 1, 2022 to June 30, 2046	8.250%	(1)	N/A	(1)
July 1, 2046	8.250%	Increase from AB 1469 rate ends in 2046-47		

(1) The CalSTRS Funding Plan authorizes the board to adjust the employer contribution rate up or down by up to 1% each year, but no higher than 20.250% total and no lower than 8.250%.

The District contributed $23,273,689 to the plan for the fiscal year ended June 30, 2021.

State – 10.328 percent of the members' calculated based on creditable compensation from two fiscal years prior.

The state's base contribution to the DB Program is calculated based on creditable compensation from two fiscal years prior. As a result of the CalSTRS Funding Plan, the state is required to make additional contributions to pay down the unfunded liabilities associated with the benefit structure that was in place in 1990 prior to certain enhancements in benefits and reductions in contributions. The additional state appropriation required to fully fund the benefits in effect as of 1990 by 2046 is specified in subdivision (b) of Education Code section 22955.1. The increased contributions end as of fiscal year 2045–46. Pursuant to AB 84, the state contribution rate remained at 5.811% for fiscal year 2020-21.

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The CalSTRS state contribution rates effective for fiscal year 2020-21 and beyond are summarized in the table below.

Effective Date	Base Rate	Supplemental Rate Per CalSTRS Funding Plan	SBMA Funding[(1)]	Total
July 01, 2020	2.017%	5.811%	2.50%	10.328%
July 01, 2021	2.017%	6.311%	2.50%	10.828%
July 01, 2022 to June 30, 2046	2.017%	(2)	2.50%	(2)
July 01, 2046	2.017%	(3)	2.50%	(3)

(1) The SBMA contribution rate excludes the $72 million that is reduced from the required contribution in accordance with Education Code section 22954.
(2) The board has limited authority to adjust the state contribution rate annually through June 2046 in order to eliminate the remaining unfunded actuarial obligation. The board cannot increase the supplemental rate by more than 0.5% in a fiscal year, and if there is no unfunded actuarial obligation, the supplemental contribution rate imposed would be reduced to 0%.
(3) From July 1, 2046, and thereafter, the rates in effect prior to July 1, 2014, are reinstated, if necessary, to address any remaining unfunded actuarial obligation.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the net pension liability	$ 256,117,000
State's proportionate share of the net pension liability associated with the District	139,966,000
Total	$ 396,083,000

The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts and the State. At June 30, 2020, the District's proportion was 0.264 percent, which was a decrease of 0.025 percent from its proportion measured as of June 30, 2019.

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

For the year ended June 30, 2021, the District recognized pension expense of $50,776,289 and revenue of $19,199,854 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 452,000	$ 7,223,000
Changes of assumptions	24,975,000	-
Net differences between projected and actual earnings on investments	6,084,000	-
Changes in proportion and differences between district contributions and proportionate share of contributions	12,090,000	29,543,000
Contributions made subsequent to measurement date	23,273,689	-
Total	$ 66,874,689	$ 36,766,000

$23,273,689 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2022	$ 634,533
2023	$ 5,354,533
2024	$ 9,885,533
2025	$ (855,133)
2026	$ (5,168,633)
2027	$ (3,015,833)

Differences between expected and actual experience, changes in assumptions, and changes in proportion are amortized over a closed period equal to the average remaining service life of plan members, which is 7 years as of the June 30, 2020 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

Actuarial Methods and Assumptions: The total pension liability for the STRP was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 . The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.10%
Consumer Price Inflation	2.75%
Wage Growth	3.50%
Post-retirement Benefit Increases	2.00% simple for DB, maintain 85% Purchasing power level for DB, not applicable for DBS/CBB

Discount Rate: The discount rate used to measure the total pension liability was 7.10 percent, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers will be made at statutory contribution rates in accordance with the rate increase per AB 1469. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments, and administrative expense occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Mortality: CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process.

(Continued)

NOTE 9 – NET PENSION LIABILITY – STATE TEACHERS' RETIREMENT PLAN (Continued)

The actuarial investment rate of return assumption was adopted by the CalSTRS board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS consulting actuary reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometric real rates of return and the assumed asset allocation for each major asset class used as input to develop the actuarial investment rate of return are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term* Expected Real Rate of Return
Public Equity	42%	4.8%
Real Estate Assets	15	3.6
Private Equity	13	6.3
Fixed Income	12	1.3
Risk Mitigating Strategies	10	1.8
Inflation Sensitive	6	3.3
Cash / Liquidity	2	(0.4)

* 20-year geometric average

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10 percent) or 1-percentage-point higher (8.10 percent) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
District's proportionate share of the net pension liability	$ 386,958,000	$ 256,117,000	$ 148,090,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalSTRS financial report.

(Continued)

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B

General Information about the Public Employer's Retirement Fund B

Plan Description: The schools cost-sharing multiple-employer defined benefit pension plan Public Employer's Retirement Fund B (PERF B) is administered by the California Public Employees' Retirement System (CalPERS). Plan membership consists of non-teaching and non-certified employees of public schools (K-12), community college districts, offices of education, charter and private schools (elective) in the State of California.

The Plan was established to provide retirement, death and disability benefits to non-teaching and noncertified employees in schools. The benefit provisions for Plan employees are established by statute. CalPERS issues a publicly available financial report that can be obtained at:

https://www.calpers.ca.gov/docs/forms-publications/cafr-2019.pdf

Benefits Provided: The benefits for the defined benefit plans are based on members' years of service, age, final compensation, and benefit formula. Benefits are provided for disability, death, and survivors of eligible members or beneficiaries. Members become fully vested in their retirement benefits earned to date after five years (10 years for State Second Tier members) of credited service.

Contributions: The benefits for the defined benefit pension plans are funded by contributions from members and employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. Employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Employer contributions, including lump sum contributions made when agencies first join the PERF, are credited with a market value adjustment in determining contribution rates.

The required contribution rates of most active plan members are based on a percentage of salary in excess of a base compensation amount ranging from zero dollars to $863 monthly.

Required contribution rates for active plan members and employers as a percentage of payroll for the year ended June 30, 2021 were as follows:

Members - The member contribution rate was 7.0 percent of applicable member earnings for fiscal year 2020-21.

Employers - The employer contribution rate was 20.70 percent of applicable member earnings.

The District contributed $10,095,538 to the plan for the fiscal year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of $114,917,000 or its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019 The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating school districts. At June 30, 2020 the District's proportion was 0.375 percent, which was a decrease of 0.029 percent from its proportion measured as of June 30, 2019.

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

For the year ended June 30, 2021, the District recognized pension expense of $18,199,677. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 5,700,000	$ -
Changes of assumptions	421,000	-
Net differences between projected and actual earnings on investments	2,392,000	-
Changes in proportion and differences between District contributions and proportionate share of contributions	618,000	8,228,000
Contributions made subsequent to measurement date	10,095,538	-
Total	$ 19,226,538	$ 8,228,000

$10,095,538 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2021	$ 512,333
2022	$ (606,666)
2023	$ (103,667)
2024	$ 1,101,000

Differences between expected and actual experience, changes in assumptions and changes in proportion and differences between District contributions and proportionate share of contributions are amortized over a closed period equal to the average remaining service life of plan members, which is 4 years as of the June 30, 2020 measurement date. Deferred outflows and inflows related to differences between projected and actual earnings on plan investments are netted and amortized over a closed 5-year period.

(Continued)

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

Actuarial Methods and Assumptions: The total pension liability for the Plan was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2019 , and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following actuarial methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2019
Experience Study	June 30, 1997 through June 30, 2015
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.15%
Consumer Price Inflation	2.50%
Wage Growth	Varies by entry age and service
Post-retirement Benefit Increases	Contract COLA up to 2.00% until Purchasing Power Protection Allowance Floor on Purchasing Power applies 2.50% thereafter

The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of Scale MP 2016. For more details on this table, please refer to the 2017 experience study report.

All other actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found at CalPERS' website.

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

Asset Class	Long-Term* Assumed Asset Allocation	Expected Real Rate of Return Years (1-10)(1)	Expected Real Rate of Return Years (11+)(2)
Global Equity	50%	4.80%	5.98%
Fixed Income	28	1.00	2.62
Inflation Assets	-	0.77	1.81
Private Equity	8	6.30	7.23
Real Estate Assets	13	3.75	4.93
Liquidity	1	-	(0.92)

* 10-year geometric average
1) An expected inflation rate of 2.00% used for this period.
2) An expected inflation rate of 2.92% used for this period.

Discount Rate: The discount rate used to measure the total pension liability was 7.15 percent. A projection of the expected benefit payments and contributions was performed to determine if assets would run out. The test revealed the assets would not run out. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the Plan. The results of the crossover testing for the Plan are presented in a detailed report that can be obtained at CalPERS' website.

NOTE 10 – NET PENSION LIABILITY – PUBLIC EMPLOYER'S RETIREMENT FUND B (Continued)

The long-term expected rate of return on pension plan investments was determined using a building- block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical and forecasted information for all the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long- term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15 percent) or 1-percentage-point higher (8.15 percent) than the current rate:

	1% Decrease (6.15%)	Current Discount Rate (7.15%)	1% Increase (8.15%)
District's proportionate share of the net pension liability	$ 165,215,000	$ 114,917,000	$ 73,173,000

Pension Plan Fiduciary Net Position: Detailed information about the pension plan's fiduciary net position is available in the separately issued CalPERS financial report.

NOTE 11 - JOINT POWERS AGREEMENTS

The District is a member of Contra Costa County Schools Insurance Group (CCCSIG), CSAC Excess Insurance Authority (CSAC-EIA), the Schools' Self-Insurance of Contra Costa County (SSICCC), and the School Project for Utility Rate Reduction (SPURR) through joint powers agreements (JPAs). The entities provide the District with property and liability insurance coverage, as well as health and welfare benefits. Each entity is governed by a board consisting of a representative from each member district. The governing board controls the operations of its JPAs independent of any influence by the member districts beyond their representation on the governing board. Each member district pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionately to its participation in the JPAs. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years and there were no significant reductions in insurance coverage from the prior year.

(Continued)

NOTE 11 - JOINT POWERS AGREEMENTS (Continued)

The following is a summary of financial information of CSAC-EIA, SSICCC, and SPURR as of June 30, 2020 (the most recent audited information available):

	CSAC-EIA	SSICCC	SPURR
Total assets	$ 869,564,195	$ 13,458,248	$ 15,851,772
Total deferred outflows	$ 1,995,729	$ -	$ -
Total liabilities	$ 696,590,968	$ 590,410	$ 9,262,735
Total deferred inflows	$ 705,974	$ -	$ -
Net position	$ 174,262,982	$ 12,867,838	$ 6,589,037
Total revenues	$ 1,158,410,258	$ 14,406,577	$ 40,420,291
Total expenditures	$ 1,184,179,129	$ 11,681,269	$ 39,341,976
Change in net position	$ (25,768,871)	$ 2,725,308	$ 1,078,315

The relationship between the District and the Joint Powers Authorities is such that they are not component units of the District for financial reporting purposes.

NOTE 12 - COMMITMENTS AND CONTINGENCIES

The District is subject to legal proceedings and claims which arise in the ordinary course of business. In the opinion of management, the amount of ultimate liability with respect to these actions will not materially affect the financial position or results of operations of the District.

Also, the District has received federal and state funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could result in expenditure disallowances under terms of the grants, it is management's opinion that any required reimbursements or future revenue offsets subsequently determined will not have a material effect on the District's financial position or results of operations.

As of June 30, 2021, the District had approximately $2.6 million in outstanding commitments on construction contracts.

NOTE 13 – SUBSEQUENT EVENTS

On October 7, 2021, the District issued 2021 General Obligation Refunding Bonds - Series A (2021 GO Refunding - Series A) totaling $28,270,000. Proceeds from the issuance of the 2021 GO Refunding - Series A will be used to refund, on a current basis, certain maturities of the District’s Measure C, Series D General Obligation Bonds and 2011 General Obligation Refunding Bonds Series A and Series B. The 2021 GO Refunding – Series A bears interest rates ranging from 1.25% to 4.0% per year and are scheduled to mature through August 1, 2031.

In September 2021, the District issued 2022 General Obligation Refunding Bonds – Series B (2022 GO Refunding – Series B), totaling $147,145,000. The 2022 GO Refunding – Series B Bonds were issued as a forward delivery to close on May 5, 2022. Upon close, the 2022 GO Refunding – Series B Bonds will be used to refund the District’s outstanding 2002 Series B-2 Refunding Bonds and Measure C, Series E General Obligation Bonds. The 2022 GO Refunding – Series B bears interest at 4.0% per year and are scheduled to mature through June 1, 2037.

REQUIRED SUPPLEMENTARY INFORMATION

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Year Ended June 30, 2021

	Budget Original	Budget Final	Actual	Variance Favorable (Unfavorable)
Revenues:				
Local Control Funding Formula (LCFF):				
State apportionment	$ 116,428,561	$ 124,632,248	$ 125,609,144	$ 976,896
Local sources	139,482,738	148,880,644	148,130,018	(750,626)
Total LCFF	255,911,299	273,512,892	273,739,162	226,270
Federal sources	22,058,359	60,171,198	40,981,415	(19,189,783)
Other state sources	54,297,477	80,606,623	67,830,890	(12,775,733)
Other local sources	9,969,366	12,213,288	14,123,812	1,910,524
Total revenues	342,236,501	426,504,001	396,675,279	(29,828,722)
Expenditures:				
Current:				
Certificated salaries	149,271,090	158,242,552	150,480,840	7,761,712
Classified salaries	53,890,783	54,461,933	49,269,765	5,192,168
Employee benefits	102,115,968	101,113,923	98,388,178	2,725,745
Books and supplies	10,552,763	40,556,792	11,399,985	29,156,807
Contract services and operating expenditures	31,630,538	43,448,418	37,814,803	5,633,615
Other outgo	1,870,518	1,271,794	1,289,322	(17,528)
Capital outlay	3,374,675	7,413,970	4,234,603	3,179,367
Debt service:				
Principal Retirement	152,361	301,468	1,735,149	(1,433,681)
Interest	3,507	6,968	1,025,787	(1,018,819)
Total expenditures	352,862,203	406,817,818	355,638,432	51,179,386
(Deficiency) excess of revenues (under) over expenditures	(10,625,702)	19,686,183	41,036,847	21,350,664
Other financing sources:				
Transfers in	-	-	167,994	167,994
Change in fund balance	(10,625,702)	19,686,183	41,204,841	21,518,658
Fund balance, July 1, 2020	48,115,856	48,115,856	48,115,856	-
Fund balance, June 30, 2021	$ 37,490,154	$ 67,802,039	$ 89,320,697	$ 21,518,658

See accompanying note to required supplementary information.

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2021

Last 10 Fiscal Years

	2017	2018	2019	2020	2021
Total OPEB liability					
Service cost	$ 11,331,075	$ 11,716,332	$ 11,840,329	$ 12,768,210	$ 13,151,256
Interest	5,234,924	5,608,884	6,094,019	6,241,950	5,748,803
Change in assumptions	-	(1,961,364)	4,779,925	12,470,261	(3,670,217)
Difference in experience	-	-	7,133,647	-	(83,800)
Benefit payments	(5,807,238)	(6,097,600)	(6,582,820)	(6,884,164)	(7,764,967)
Net change in total OPEB Liability	10,758,761	9,266,252	23,265,100	24,596,257	7,381,075
Total OPEB liability, beginning of year	145,540,890	156,299,651	165,565,903	188,831,003	213,427,260
Total OPEB liability, end of year	$ 156,299,651	$ 165,565,903	$ 188,831,003	$ 213,427,260	$ 220,808,335
Covered employee payroll	$ 202,725,000	$ 202,725,000	$ 209,529,871	$ 215,815,767	$ 226,390,740
Total OPEB liability as a percentage of covered-employee payroll	77.1%	81.7%	90.1%	98.9%	97.5%

This is a 10 year schedule, however the information in this schedule is not required to be presented retrospectively. The amounts presented for each fiscal year were determined as of the year end that occurred one year prior. All years prior to 2017 are not available.

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2021

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension	0.276%	0.291%	0.272%	0.295%	0.302%	0.289%	0.264%
District's proportionate share of the net pension liability	$ 161,286,120	$ 195,912,840	$ 219,996,320	$ 272,885,000	$ 277,385,000	$ 261,393,000	$ 256,117,000
State's proportionate share of the net pension liability associated with the District	97,392,501	103,616,018	125,258,419	161,437,000	158,817,000	142,608,000	139,966,000
Total net pension liability	$ 258,678,621	$ 299,528,858	$ 345,254,739	$ 434,322,000	$ 436,202,000	$ 404,001,000	$ 396,083,000
District's covered payroll	$ 123,886,776	$ 131,676,520	$ 137,080,196	$ 156,387,000	$ 160,658,000	$ 155,566,000	$ 142,701,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	130.19%	148.78%	160.49%	174.49%	172.66%	168.03%	179.48%
Plan fiduciary net position as a percentage of the total pension liability	76.52%	74.02%	70.04%	69.46%	70.99%	72.56%	71.82%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OTHER POSTEMPLOYMENT BENEFITS (OPEB) LIABILITY
For the Year Ended June 30, 2021

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021
District's proportion of the net pension	0.389%	0.405%	0.396%	0.414%	0.427%	0.404%	0.375%
District's proportionate share of the net pension liability	$ 45,171,338	$ 59,623,699	$ 78,289,245	$ 98,730,000	$ 113,742,000	$ 117,786,000	$ 114,917,000
District's covered payroll	$ 41,430,353	$ 45,257,132	$ 47,558,749	$ 52,731,000	$ 56,267,000	$ 56,027,000	$ 53,949,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	109.03%	131.74%	164.62%	187.23%	202.15%	210.23%	213.01%
Plan fiduciary net position as a percentage of the total pension liability	83.38%	79.43%	73.89%	71.87%	70.85%	70.05%	70.00%

The amounts presented for each fiscal year were determined as of the year-end that occurred one year prior.

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

State Teachers' Retirement Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	$ 11,692,875	$ 14,708,705	$ 19,673,538	$ 23,182,949	$ 25,474,844	$ 25,262,435	$ 23,273,689
Contributions in relation to the contractually required contribution	(11,692,875)	(14,708,705)	(19,673,538)	(23,182,949)	(25,474,844)	(25,262,435)	(23,273,689)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 131,676,520	$ 137,080,196	$ 156,387,000	$ 160,658,000	$ 155,566,000	$ 142,701,000	$ 121,852,000
Contributions as a percentage of covered payroll	8.88%	10.73%	12.58%	14.43%	16.28%	17.10%*	16.15%**

* This rate reflects the original employer contribution rate of 18.13 percent under AB1469, reduced for the 1.03 percentage points to be paid on behalf of employers pursuant to SB 90.

** This rate reflects the original employer contribution rate of 19.10 percent under AB1469, reduced for the 2.95 percentage points to be paid on behalf of employers pursuant to SB 90.

All years prior to 2015 are not available.

(Continued)

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
For the Year Ended June 30, 2021

Public Employer's Retirement Fund B
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021
Contractually required contribution	$ 5,327,217	$ 5,634,285	$ 7,324,363	$ 8,738,265	$ 10,119,534	$ 10,667,677	$ 10,095,538
Contributions in relation to the contractually required contribution	(5,327,217)	(5,634,285)	(7,324,363)	(8,738,265)	(10,119,534)	(10,667,677)	(10,095,538)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 45,257,132	$ 47,558,749	$ 52,731,000	$ 56,267,000	$ 56,027,000	$ 53,949,000	$ 48,771,000
Contributions as a percentage of covered payroll	11.77%	11.85%	13.89%	15.53%	18.06%	19.72%	20.70%

All years prior to 2015 are not available.

See accompanying note to required supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Budgetary Comparison Schedule: The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board. The budgets are revised during the year by the Board of Education to provide for revised priorities. Expenditures cannot legally exceed appropriations by major object code. The originally adopted and final revised budgets for the General Fund are presented as Required Supplementary Information. The basis of budgeting is the same as GAAP.

B - Schedule of Changes in the District's Total Other Postemployment Benefits (OPEB) Liability: The Schedule of Changes in Total OPEB Liability is presented to illustrate the elements of the District's total OPEB liability. There is a requirement to show information for 10 years. However, until a full 10 year trend is compiled, governments should present information for those years for which information is available. The District has not accumulated assets in a qualified trust for the purpose of paying the benefits related to the District's total OPEB liability.

C - Schedule of the District's Proportionate Share of the Net Pension Liability: The Schedule of the District's Proportionate Share of the Net Pension Liability is presented to illustrate the elements of the District's Net Pension Liability. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

D – Schedule of District Contributions: The Schedule of District Contributions is presented to illustrate the District's required contributions relating to the pensions. There is a requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

E – Changes of Benefit Terms: There are no changes in benefit terms reported in the Required Supplementary Information.

F - Changes of Assumptions: The discount rates for the total OPEB liability were 3.40, 3.50, 3.15, 2.66, and 2.16 percent for the June 30, 2017, 2018, 2019, 2020, and 2021 measurement dates, respectively.

The discount rates used for the Public Employer's Retirement Fund B (PERF B) was 7.50, 7.65, 7.65, 7.15, 7.15, 7.15, and 7.15 percent in the June 30, 2013, 2014, 2015, 2016, 2017, 2018, and 2019 actuarial reports, respectively.

The following are the assumptions for State Teachers' Retirement Plan:

	Measurement Period					
Assumption	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	As of June 30, 2016	As of June 30, 2015
Consumer price inflation	2.75%	2.75%	2.75%	2.75%	3.00%	3.00%
Investment rate of return	7.10%	7.10%	7.10%	7.10%	7.60%	7.60%
Wage growth	3.50%	3.50%	3.50%	3.50%	3.75%	3.75%

SUPPLEMENTARY INFORMATION

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
COMBINING BALANCE SHEET
ALL NON-MAJOR FUNDS
June 30, 2021

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Capital Projects for Blended Component Units Fund	Total
ASSETS							
Cash and investments:							
Cash in County Treasury	$ -	$ 1,726,145	$ 2,801,213	$ 13,206,680	$ 3,455,274	$ 2,861,162	$ 24,050,474
Cash in banks	889,104	-	1,289,980	-	-	-	2,179,084
Investments	-	4,631	766,672	1,316,056	21	-	2,087,380
Accounts receivable	-	704,932	431,381	-	-	-	1,136,313
Due from other funds	-	-	-	304,890	-	-	304,890
Stores inventory	-	-	126,267	-	-	-	126,267
Total assets	$ 889,104	$ 2,435,708	$ 5,415,513	$ 14,827,626	$ 3,455,295	$ 2,861,162	$ 29,884,408
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	$ -	$ 96,873	$ 221,052	$ 120,348	$ -	$ 23,631	$ 461,904
Unearned revenue	-	1,370	-	-	-	-	1,370
Due to other funds	-	-	61	-	-	119,225	119,286
Total liabilities	-	98,243	221,113	120,348	-	142,856	582,560
Fund balances:							
Nonspendable	-	-	126,267	-	-	-	126,267
Restricted	889,104	2,337,465	5,068,133	14,707,278	3,455,295	2,718,306	29,175,581
Total fund balance	889,104	2,337,465	5,194,400	14,707,278	3,455,295	2,718,306	29,301,848
Total liabilities and fund balances	$ 889,104	$ 2,435,708	$ 5,415,513	$ 14,827,626	$ 3,455,295	$ 2,861,162	$ 29,884,408

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES
ALL NON-MAJOR FUNDS
June 30, 2021

	Student Activity Fund	Adult Education Fund	Cafeteria Fund	Capital Facilities Fund	County School Facilities Fund	Capital Projects for Blended Component Units Fund	Total
Revenues:							
Federal sources	$ -	$ 912,926	$ 8,715,631	$ -	$ -	$ -	$ 9,628,557
Other state sources	-	4,064,240	425,070	-	-	-	4,489,310
Other local sources	360,306	1,220,525	21,101	2,068,890	16,799	1,326,155	5,013,776
Total revenues	360,306	6,197,691	9,161,802	2,068,890	16,799	1,326,155	19,131,643
Expenditures:							
Current:							
Certificated salaries	-	2,422,321	-	-	-	-	2,422,321
Classified salaries	-	1,045,919	3,589,808	-	28,054	16,553	4,680,334
Employee benefits	-	1,352,647	2,063,100	-	17,711	11,242	3,444,700
Books and supplies	290,772	360,985	1,846,073	-	-	3,393	2,501,223
Services and other operating expenditures	69,534	591,239	132,904	120,258	24	35,565	949,524
Capital outlay	-	-	674,080	37,180	-	254,901	966,161
Debt Service:							
Principal retirement	-	-	-	153,387	-	-	153,387
Total expenditures	360,306	5,773,111	8,305,965	310,825	45,789	321,654	15,117,650
Excess (deficiency) of revenues over (under) expenditures	-	424,580	855,837	1,758,065	(28,990)	1,004,501	4,013,993
Other financing (uses) sources:							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(66,370)	(101,624)	-	-	-	(167,994)
Total other financing (uses) sources:	-	(66,370)	(101,624)	-	-	-	(167,994)
Net change in fund balances	-	358,210	754,213	1,758,065	(28,990)	1,004,501	3,845,999
Fund balance, July 1, 2020	-	1,979,255	4,440,187	12,949,213	3,484,285	1,713,805	24,566,745
Cumulative effect of GASB 84 implementation	889,104	-	-	-	-	-	889,104
Fund balance, July 1, 2020, as restated	$ 889,104	$ 1,979,255	$ 4,440,187	$ 12,949,213	$ 3,484,285	$ 1,713,805	25,455,849
Fund balance, June 30, 2021	$ 889,104	$ 2,337,465	$ 5,194,400	$ 14,707,278	$ 3,455,295	$ 2,718,306	$ 29,301,848

The Mount Diablo Unified School District was established on July 1, 1949. The District is located in Contra Costa County and serves students in the cities of Concord, Pleasant Hill, Walnut Creek, and portions of the cities of Clayton, Martinez, Pittsburg, and other surrounding communities. The District currently operates 29 elementary schools and nine middle schools, five high schools, two special education schools, one continuation high school, five necessary small high schools, one independent study school, and two adult education centers. There were no changes in the District's boundaries in the current year.

The Board of Education of Mount Diablo Unified School District is composed of five members elected at large within the boundaries of the District. The Board and Administrative Staff manage and control the affairs of the District.

GOVERNING BOARD

Name	Office	Term Expires
Cherise Khaund	President	December 2022
Debra Mason	Vice President	December 2022
Linda Mayo	Trustee	December 2022
Erin Mcferrin	Trustee	December 2024
Keisha Nzewi	Trustee	December 2024

DISTRICT ADMINISTRATION

Adam Clark, Ed.D.
Superintendent

Jennifer Sachs
Chief, Educational Services

Dr. Wendi Aghily
Chief, Pupil Services and Special Education

Dr. Lisa Gonzales
Chief Business Officer

Dr. John Rubio
Chief, Human Resources

MOUNT DIABLO UNIFIED SCHOOL DISTRICT
SCHEDULE OF INSTRUCTIONAL TIME
For the Year Ended June 30, 2021

Grade Level	Number of Days Traditional Calendar	Status
Kindergarten	180	In Compliance
Grade 1	180	In Compliance
Grade 2	180	In Compliance
Grade 3	180	In Compliance
Grade 4	180	In Compliance
Grade 5	180	In Compliance
Grade 6	180	In Compliance
Grade 7	180	In Compliance
Grade 8	180	In Compliance
Grade 9	180	In Compliance
Grade 10	180	In Compliance
Grade 11	180	In Compliance
Grade 12	180	In Compliance

See accompanying notes to supplementary information.

Assistance Listing (AL) Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture - Passed through California Department of Education			
10.555	Child Nutrition: School Programs - Child Nutrition Cluster	13523	$ 5,793,032
10.558	Child Nutrition: Child and Adult Care Food Program	13393	1,230,103
U.S. Department of Agriculture - Direct Funded			
10.575	Farm to School Grant Program	N/A	12,346
	Total U.S. Department of Agriculture		7,035,481
U.S. Department of Defense - Passed through California Department of Education			
12.357	J.R.O.T.C.	*	215,131
U.S. Department of Labor - Passed through California Department of Education			
	WIOA Cluster:		
17.259	Workforce Investment Act Youth Activities	10055	336,261
17.258	Workforce Investment Act Adult & Dislocated Worker	*	28,685
	Total U.S. Department of Labor		364,946
U.S. Department Education - Passed through California Department of Education			
	Special Education Cluster:		
84.027	Special Ed: IDEA Basic Local Assistance Entitlement, Part B, Section 611	13379	6,836,369
84.027	Special Ed: IDEA, Local Assistance, Part B Private School ISPs	10115	144,881
84.027A	Special Ed: IDEA Mental Health ADA Allocation	15197	344,056
84.173	Special Ed: IDEA, Preschool Grants, Part B	13430	236,353
84.173A	Special Ed: IDEA, Alternate Dispute Resolution	13007	14,601
84.173A	Special Ed: IDEA, Preschool Staff Development	13431	1,427
	Subtotal Special Education Cluster		7,577,687
	ESEA: Title III Programs:		
84.365	ESEA: Title III, English Learner Student Program	14346	827,694
84.365	ESEA: Title III, Immigrant Education Program	15146	50,020
	Subtotal ESEA: Title III Programs		877,714

(Continued)

Assistance Listing (AL) Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
	U.S. Department Education - Passed through California Department of Education (Continued)		
	Adult Education Programs:		
84.002	Adult Education: Adult Secondary Education	13978	$ 156,102
84.002A	Adult Education: Adult Basic Education and ESL	14508	212,812
84.002A	Adult Education: English Literacy and Civics Education - Local Grant	14109	76,796
	Subtotal Adult Education Programs		445,710
	Title I, Part A Programs:		
84.010	ESEA: Title I, Part A Basic Grants Low Income and Neglected	14329	3,760,638
84.010	ESEA: ESSA School Improvement (CSI) Funding for LEAs	15438	1,583,774
	Subtotal Title I Part A Programs:		5,344,412
	Career and Technical Education:		
84.048	Career and Technical Education Secondary Sec 131 (Carl Perkins Act)	14894	191,629
84.048	Career and Technical Education Adult Sec 132 (Carl Perkins Act)	14893	19,793
	Subtotal Career and Technical Education		211,422
	Federal Pell Grant Programs		
84.063	Federal Pell Grant Program - SFA Cluster	*	231,239
84.063	Adult Education - FOCUS	*	20,304
	Subtotal Federal Pell Grant Programs		251,543
	U.S. Department Education - Direct Funded		
	COVID-19: Education Stabilization Fund (ESF) Programs		
84.425N	COVID-19: Higher Education Emergency Relief Fund - FIPSE Grant	N/A	108,615
84.425F	COVID-19: Higher Education Emergency Relief Fund - CTEC CRF	N/A	29,193
84.425E	COVID-19: Higher Education Emergency Relief Fund - CTEC Student	N/A	35,000

(Continued)

Assistance Listing (AL) Number	Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Identifying Number	Federal Expenditures
	U.S. Department Education - Passed through California Department of Education		
84.425	COVID-19: Elementary and Secondary School Emergency Relief I (ESSER I) Fund	15536	$ 4,524,925
84.425	COVID-19: Elementary and Secondary School Emergency Relief II (ESSER II) Fund	15547	3,145,002
84.425	COVID-19: Child Nutrition - CARES Act Supplemental Meal Reimbursement	15535	265,633
84.425C	COVID-19: Governor's Emergency Education Relief Fund: Learning Loss Mitigation	15517	1,958,268
	Subtotal COVID-19: ESF Programs		10,066,636
84.181	Special Ed: IDEA Early Intervention Grants, Part C	23761	161,463
84.424	ESEA (ESSA) Title IV, Part A, Student Support and Academic Enrichment Grants	15396	342,159
84.367	ESEA: Title II, Part A, Supporting Effective Instruction Local Grants	14341	626,839
	Total U.S. Department of Education		25,905,585
	U.S. Department of Treasury - Passed through California Department of Education		
21.019	COVID-19: Coronavirus Relief Fund: Learning Loss Mitigation	25516	15,447,883
	U.S. Department of Health and Human Services - Passed through California Department of Education		
93.600	Early Head Start - Head Start Cluster	38-928-05	85,985
93.778	Medi-Cal Billing Option - Medicaid Cluster	10013	385,464
	Total U.S. Department of Health and Human Services		471,449
	Total Federal Programs		$ 49,440,475

* A pass-through identifying number was not available.

See accompanying notes to supplementary information.

RECONCILIATION OF UNAUDITED ACTUAL FINANCIAL REPORT WITH AUDITED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

There were no adjustments proposed to any funds of the District.

See accompanying notes to supplementary information.

	(Budgeted) 2022	2021	2020	2019
General Fund				
Revenues and other financing sources	$ 390,548,957	$ 396,843,273	$ 367,299,975	$ 379,970,067
Expenditures	400,557,620	355,638,432	367,813,462	387,781,795
Other uses and transfers out	-	-	860,764	229,139
Total outgo	400,557,620	355,638,432	368,674,226	388,010,934
Change in fund balance	$ (10,008,663)	$ 41,204,841	$ (1,374,251)	$ (8,040,867)
Ending fund balance	$ 79,312,034	$ 89,320,697	$ 48,115,856	$ 49,490,107
Available reserves	$ 12,016,729	$ 10,590,483	$ 10,228,105	$ 11,621,252
Designated for economic uncertainties	$ 12,016,729	$ 10,590,483	$ 10,228,105	$ 11,621,252
Undesignated fund balance	$ -	$ -	$ -	$ -
Available reserves as percentages of total outgo	3.0%	3.0%	2.8%	3.0%
Total long-term liabilities	$ 1,053,563,009	$ 1,092,079,878	$ 1,112,077,578	$ 1,119,985,345
Average daily attendance at P-2	$ 28,545	$ 29,121	$ 29,121	$ 29,377

The fund balance of the General Fund has increased by $31,789,723 over the past three years. The fiscal year 2021-2022 budget, as originally adopted, projects a decrease of $10,008,663. For a district this size, the state recommends available reserves of at least 3% of total General Fund expenditures, transfers out, and other uses. The District has met this requirement.

The District has incurred operating deficits in two of the past three years, and anticipates an operating deficit during the 2021-2022 fiscal year.

Total long-term liabilities have decreased by $27,905,467 over the past two years.

Average daily attendance has decreased by 256 over the past two years. A decrease of 576 ADA is anticipated during fiscal year 2021-2022.

SCHEDULE OF CHARTER SCHOOLS

June 30, 2021

Charter Schools Chartered by District	Included in District Financial Statements, or Separate Report
0305- Eagle Peak Montessori	Separate Report
1805- Rocketship Futuro Academy	Separate Report

See accompanying notes to supplementary information.

NOTE 1 - PURPOSE OF SCHEDULES

A - Schedule of Instructional Time: This schedule presents information on the amount of instructional time offered by the District, and whether the District complied with the provisions of Education Code Sections 46201 through 46206.

B - Schedule of Expenditure of Federal Awards: The Schedule of Expenditure of Federal Awards includes the federal award activity of Mount Diablo Unified School District, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate allowed in the Uniform Guidance.

C - Reconciliation of Unaudited Actual Financial Report with Audited Financial Statements: This schedule provides the information necessary to reconcile the Unaudited Actual Financial Report to the audited financial statements.

D - Schedule of Financial Trends and Analysis (Unaudited): This schedule provides information on the District's financial condition over the past three years and its anticipated condition for the 2021-22 fiscal year, as required by the State Controller's Office.

E - Schedule of Charter Schools: This schedule provides information for the California Department of Education to monitor financial reporting by Charter Schools.

NOTE 2- EARLY RETIREMENT INCENTIVE PROGRAM

Education Code Section 14503 requires certain disclosure in the financial statements of districts which adopt Early Retirement Incentive Programs pursuant to Education Code Sections 22714 and 44929. For the fiscal year ended June 30, 2021, the District did not adopt this program.

(Continued)

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

Board of Education
Mount Diablo Unified School District
Concord, California

Report on Compliance with State Laws and Regulations

We have audited Mount Diablo Unified School District's compliance with the types of compliance requirements described in the State of California's *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (the "Audit Guide") applicable to the state laws and regulations listed below for the year ended June 30, 2021.

Description	Procedures Performed
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study – Course Based, for charter schools	No, see below
Attendance, for charter schools	No, see below
Mode of Instruction, for charter schools	No, see below
Nonclassroom-Based Instruction/Independent Study, for charter schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction, for charter schools	No, see below
Charter School Facility Grant Program	No, see below

(Continued)

The District did not offer an Early Retirement Incentive Program in the current audit year; therefore, we did not perform any procedures related to Early Retirement Incentive Program.

The District did not report any attendance hours for Apprenticeship: Related and Supplemental Instruction; therefore, we did not perform any procedures related to this program.

The District is not reported as a District of Choice; therefore, we did not perform any procedures related to District of Choice.

The District does not include any charter schools in this report; therefore, we did not perform any of the procedures related to charter schools.

Management's Responsibility

Management is responsible for compliance with the requirements of state laws and regulations, as listed above.

Auditor's Responsibility

Our responsibility is to express an opinion on Mount Diablo Unified School District's compliance with state laws and regulations as listed above based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* (Audit Guide). Those standards and the Audit Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a material effect on Mount Diablo Unified School District's compliance with the state laws and regulations listed above occurred. An audit includes examining, on a test basis, evidence about Mount Diablo Unified School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with state laws and regulations. However, our audit does not provide a legal determination of Mount Diablo Unified School District's compliance.

Opinion on Compliance with State Laws and Regulations

In our opinion, Mount Diablo Unified School District complied, in all material respects, with the compliance requirements referred to above that are applicable to the state laws and regulations referred to above for the year ended June 30, 2021.

Purpose of this Report

The purpose of this report on compliance is solely to describe the scope of our testing of compliance and the results of that testing based on the requirements of the *2020-21 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Crowe LLP

Crowe LLP

Sacramento, California
January 28, 2022

(Continued)

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

Board of Education
Mount Diablo Unified School District
Concord, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mount Diablo Unified School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Mount Diablo Unified School District's financial statements, and have issued our report thereon dated January 28, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mount Diablo Unified School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Crowe LLP

Crowe LLP

Sacramento, California
January 28, 2022

Crowe LLP
Independent Member Crowe Global

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY UNIFORM GUIDANCE

Board of Education
Mount Diablo Unified School District
Concord, California

Report on Compliance for Each Major Federal Program

We have audited Mount Diablo Unified School District's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Mount Diablo Unified School District's major federal programs for the year ended June 30, 2021. Mount Diablo Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Mount Diablo Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

(Continued)

Report on Internal Control Over Compliance

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

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

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

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

Crowe LLP

Crowe LLP

Sacramento, California
January 28, 2022

FINDINGS AND RECOMMENDATIONS

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:
- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified not considered to be material weakness(es)? ______ Yes __X__ None reported

Noncompliance material to financial statements noted? ______ Yes __X__ No

FEDERAL AWARDS

Internal control over major programs:
- Material weakness(es) identified? ______ Yes __X__ No
- Significant deficiency(ies) identified not considered to be material weakness(es)? ______ Yes __X__ None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ______ Yes __X__ No

Identification of major programs:

AL Numbers	Name of Federal Program or Cluster
21.019	COVID-19: Coronavirus Relief Fund: Learning Loss Mitigation
84.425, 84.425C, 84.425E, 84.425F, 84.425N	COVID-19: ESF Programs

Dollar threshold used to distinguish between Type A and Type B programs: $ 1,483,214

Auditee qualified as low-risk auditee? __X__ Yes ______ No

STATE AWARDS

Type of auditors' report issued on compliance for state programs: Unmodified

(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

(Continued)

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

(Continued)

SECTION IV - STATE AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

STATUS OF PRIOR YEAR

FINDINGS AND RECOMMENDATIONS

2020-001 - SIGNIFICANT DEFICIENCY- FINANCIAL REPORTING (30000)

Condition: Governmental Accounting Standards Board (GASB) Statement No. 75 requires the District to determine their total other postemployment benefits (OPEB) liability using a discount rate equivalent to the yield or index rate for 20-year, tax-exempt general obligation municipal bonds, as of the measurement date. In the initial calculation of the total OPEB liability, the discount rate applied by the District's actuary was based on an average of three separate 20-year bond indices, and was calculated using the rate as of the previous measurement date.

Recommendation: The District should establish a more robust internal control process for the assessment and evaluation of the actuarially-determined total OPEB liability. This process should include considering the reasonableness of the assumptions utilized by the actuary.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.

2020-002 STATE COMPLIANCE – SCHOOL ACCOUNTABILITY REPORT CARD (72000)

Condition: For three district sites, facility condition attributes as identified on the school accountability report card were not consistent with the information on the Facility Inspection Tool (FIT), for the respective sites.

Recommendation: The District should ensure the school accountability report cards are completed appropriately based on the information of the most recent Facility Inspection Tool.

Current Status: Implemented.

District Explanation if Not Implemented: Not applicable.