

# **WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**

**AUDIT REPORT  
JUNE 30, 2021**

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
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**JUNE 30, 2021**

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## **FINANCIAL SECTION**

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**INDEPENDENT AUDITORS' REPORT**

Governing Board  
Walnut Creek Elementary School District  
Walnut Creek, 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 Walnut Creek Elementary School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Walnut Creek Elementary 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 Walnut Creek Elementary School District, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

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

### *Supplementary Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Walnut Creek Elementary School District's basic financial statements. The supplementary information listed in the table of contents, including the schedule of expenditures 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, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2022, on our consideration of Walnut Creek Elementary School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Walnut Creek Elementary 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 Walnut Creek Elementary School District's internal control over financial reporting and compliance.

*Christy White, Inc.*

San Diego, California  
January 18, 2022

# WALNUT CREEK ELEMENTARY SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS

## INTRODUCTION

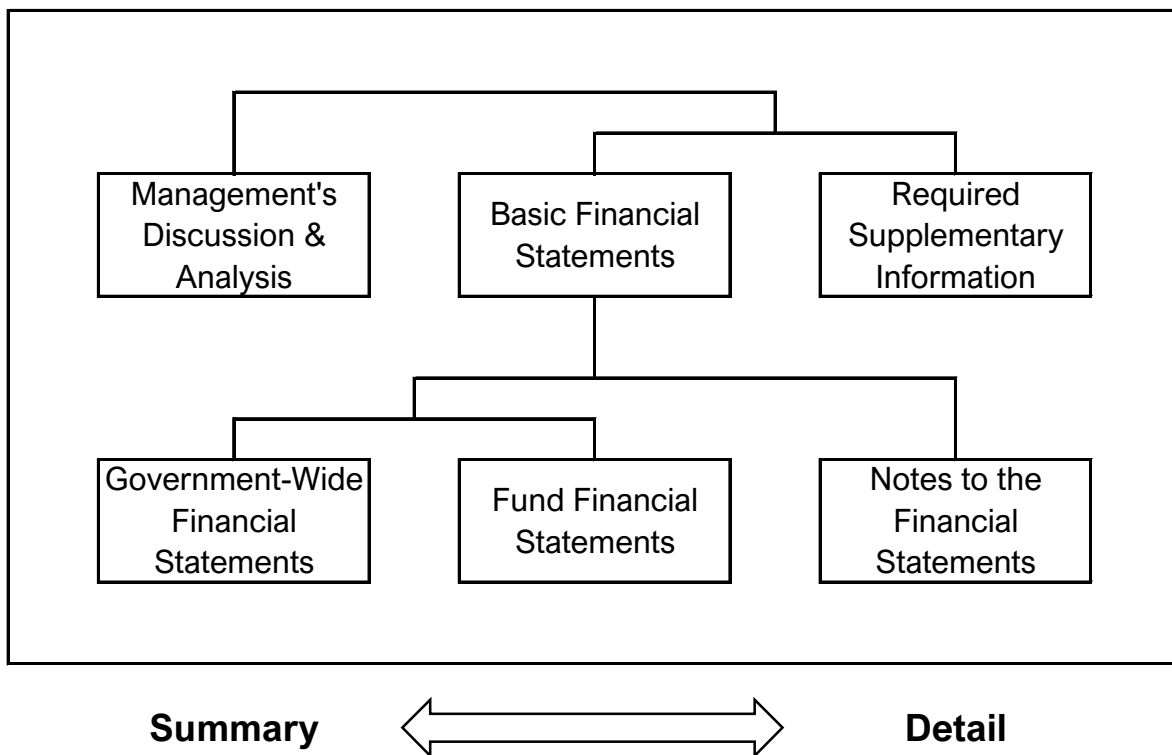
Our discussion and analysis of Walnut Creek Elementary School District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

## FINANCIAL HIGHLIGHTS

- The District's net position was \$(14,249,583) at June 30, 2021. This was an increase of \$1,319,321 from the prior year.
- Overall revenues were \$48,708,952 which exceeded expenses of \$47,389,631.

## OVERVIEW OF FINANCIAL STATEMENTS

### Components of the Financial Section



**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

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**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

**Components of the Financial Section (continued)**

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

- ▶ **Government-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ▶ **Fund financial statements** focus on reporting the individual parts of District operations in more detail. The fund financial statements comprise the remaining statements.
  - ▶ **Governmental Funds** provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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

**Government-Wide Statements**

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

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

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



**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

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

**Net Position**

The District's net position was \$(14,249,583) at June 30, 2021, as reflected in the table below. Of this amount, \$(32,356,834) was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the Governing Board's ability to use that net position for day-to-day operations.

	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
<b>ASSETS</b>			
Current and other assets	\$ 39,456,175	\$ 32,491,664	\$ 6,964,511
Capital assets	61,194,558	48,201,802	12,992,756
<b>Total Assets</b>	<b>100,650,733</b>	<b>80,693,466</b>	<b>19,957,267</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>10,451,126</b>	<b>10,733,738</b>	<b>(282,612)</b>
<b>LIABILITIES</b>			
Current liabilities	5,922,458	4,558,871	1,363,587
Long-term liabilities	115,619,577	98,303,184	17,316,393
<b>Total Liabilities</b>	<b>121,542,035</b>	<b>102,862,055</b>	<b>18,679,980</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>3,809,407</b>	<b>4,134,053</b>	<b>(324,646)</b>
<b>NET POSITION</b>			
Net investment in capital assets	8,496,338	6,959,153	1,537,185
Restricted	9,610,913	8,971,999	638,914
Unrestricted	(32,356,834)	(31,500,056)	(856,778)
<b>Total Net Position</b>	<b>\$ (14,249,583)</b>	<b>\$ (15,568,904)</b>	<b>\$ 1,319,321</b>

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position**

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

	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
<b>REVENUES</b>			
Program revenues			
Charges for services	\$ 1,116,614	\$ 2,057,718	\$ (941,104)
Operating grants and contributions	7,276,066	5,111,421	2,164,645
General revenues			
Property taxes	34,286,069	33,982,915	303,154
Unrestricted federal and state aid	3,910,539	4,097,781	(187,242)
Other	2,119,664	518,733	1,600,931
<b>Total Revenues</b>	<b>48,708,952</b>	<b>45,768,568</b>	<b>2,940,384</b>
<b>EXPENSES</b>			
Instruction	26,973,559	28,036,841	(1,063,282)
Instruction-related services	5,744,390	5,792,996	(48,606)
Pupil services	2,990,690	3,607,102	(616,412)
General administration	2,965,755	2,657,780	307,975
Plant services	3,675,835	3,778,618	(102,783)
Debt service	2,267,518	1,684,446	583,072
Depreciation	2,771,884	2,696,941	74,943
<b>Total Expenses</b>	<b>47,389,631</b>	<b>48,254,724</b>	<b>(865,093)</b>
<b>Change in net position</b>	<b>1,319,321</b>	<b>(2,486,156)</b>	<b>3,805,477</b>
<b>Net Position - Beginning</b>	<b>(15,568,904)</b>	<b>(13,082,748)</b>	<b>(2,486,156)</b>
<b>Net Position - Ending</b>	<b>\$ (14,249,583)</b>	<b>\$ (15,568,904)</b>	<b>\$ 1,319,321</b>

The cost of all our governmental activities this year was \$47,389,631 (refer to the table above). The amount that our taxpayers ultimately financed for these activities through taxes was \$34,286,069 because a portion of the cost was paid by other governments and organizations who subsidized certain programs with grants and contributions.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

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**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE (continued)**

**Changes in Net Position (continued)**

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

	<b>Net Cost of Services</b>	
	<b>2021</b>	<b>2020</b>
Instruction	\$ 21,156,188	\$ 22,658,987
Instruction-related services	5,053,042	5,410,947
Pupil services	1,451,617	2,322,866
General administration	2,793,985	2,592,730
Plant services	3,502,717	3,762,862
Debt service	2,267,518	1,684,446
Depreciation	2,771,884	2,696,941
Other	-	(44,194)
<b>Total</b>	<b>\$ 38,996,951</b>	<b>\$ 41,085,585</b>

**FINANCIAL ANALYSIS OF THE DISTRICT'S MAJOR FUNDS**

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$38,128,328 which is more than last year's ending fund balance of \$28,519,765. The District's General Fund had \$2,651,884 more in operating revenues than expenditures for the year ended June 30, 2021. The District's Building Fund had \$13,395,544 less in operating revenues than expenditures for the year ended June 30, 2021, but experienced a net increase in fund balance of \$6,604,456 due to the receipt of \$20,000,000 in proceeds from a bond issuance. The District's Bond Interest and Redemption Fund had \$248,662 less in operating revenues than expenditures for the year ended June 30, 2021, but experienced a net increase in fund balance of \$1,168,553 due to the receipt of the bond issuance premium.

**CURRENT YEAR BUDGET 2020-2021**

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

**CAPITAL ASSETS AND LONG-TERM LIABILITIES**

**Capital Assets**

By the end of 2020-2021 the District had invested \$61,194,558 in capital assets, net of accumulated depreciation.

	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
<b>CAPITAL ASSETS</b>			
Land	\$ 2,738,587	\$ 2,738,587	\$ -
Construction in progress	19,934,005	5,205,439	14,728,566
Land improvements	19,074,335	19,074,335	-
Buildings & improvements	62,267,755	62,115,755	152,000
Furniture & equipment	2,743,170	1,859,096	884,074
Accumulated depreciation	(45,563,294)	(42,791,410)	(2,771,884)
<b>Total Capital Assets</b>	<b>\$ 61,194,558</b>	<b>\$ 48,201,802</b>	<b>\$ 12,992,756</b>

**Long-Term Liabilities**

At year-end, the District had \$115,619,577 in long-term liabilities, an increase of 22.08% from last year – as shown in the table below. The primary reason for this increase was the issuance of \$20,000,000 in Election 2016, Series C general obligation bonds. More detailed information about the District's long-term liabilities is presented in footnotes to the financial statements.

	<b>Governmental Activities</b>		
	<b>2021</b>	<b>2020</b>	<b>Net Change</b>
<b>LONG-TERM LIABILITIES</b>			
Total general obligation bonds	\$ 73,039,288	\$ 54,979,261	\$ 18,060,027
Compensated absences	120,522	113,005	7,517
Net OPEB liability	3,973,797	3,327,673	646,124
Net pension liability	42,384,201	39,883,245	2,500,956
Less: current portion of long-term liabilities	(3,898,231)	(3,596,533)	(301,698)
<b>Total Long-term Liabilities</b>	<b>\$ 115,619,577</b>	<b>\$ 94,706,651</b>	<b>\$ 20,912,926</b>

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

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

In its March 2021 and June 2021 quarterly reports, the UCLA Anderson Forecast anticipated a robust recovery from the COVID-19-induced recession that began in March 2020. However, in its September 2021 quarterly report, hopes for blockbuster economic growth have been tempered by the spread of the COVID-19 delta variant and stagnating vaccination rates, which in turn have led to consumer caution and supply constraints. As a result, what could have been a couple of years of blockbuster economic performance will now likely feature solid but unspectacular growth. The economy is currently down 5.3 million payroll jobs from its pre-COVID peak, and there is little evidence to suggest that the expiration of enhanced unemployment benefits will lead to a surge in job applications.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

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**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (continued)**

Fiscal policy for the funding of public education changes annually based on fluctuations in State revenues. Governor Gavin Newsom's "California Comeback Plan" includes a mix of ongoing and one-time investments of \$100 billion made possible by an unanticipated surge in state revenues and robust federal stimulus funding.

Landmark legislation passed in year 2013 reformed California school district finance by creating the Local Control Funding Formula (LCFF). The LCFF is designed to provide a flexible funding mechanism that links student achievement to state funding levels. The LCFF provides a per-pupil base grant amount, by grade span, that is augmented by supplemental funding for targeted student groups in low-income brackets, those that are English language learners and foster youth.

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

The May 2021 Budget Revision provides additional funding to further reduce the funding deferrals that were included in the 2020-21 Enacted Budget. The Governor's Budget in January proposed paying down \$9.2 billion of the K-12 deferrals. The May 2021 Budget Revision proposes paying down an additional \$1.1 billion, leaving a balance of \$2.6 billion at the end of the 2021-22 fiscal year.

The District participates in state employee pensions plans, California State Teachers' Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) and both are underfunded. The District's proportionate share of the liability is reported in the Statement of Net Position as of June 30, 2021. The amount of the liability is material to the financial position of the District. Beginning in 2021-22, the CalSTRS Board has limited authority to increase or decrease rates by a maximum of 1% annually (not to exceed 20.25% of creditable compensation), the projected employer contribution rate for 2021-22 is 16.92%. The CalPERS Board adopted an employer contribution rate of 22.91% for 2021-22. The projected increased pension costs to school employers remain a significant fiscal factor.

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

All of these factors were considered in preparing the District's budget for the 2021-22 fiscal year.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, students, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact the Chief Business Official at Walnut Creek School District, 960 Ygnacio Valley Road, Walnut Creek, California, 94597.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and investments	\$ 36,292,104
Accounts receivable	3,149,154
Inventory	14,917
Capital assets, not depreciated	22,672,592
Capital assets, net of accumulated depreciation	38,521,966
<b>Total Assets</b>	<u>100,650,733</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows related to pensions	9,340,883
Deferred outflows related to OPEB	1,110,243
<b>Total Deferred Outflows of Resources</b>	<u>10,451,126</u>
<b>LIABILITIES</b>	
Deficit cash	28,812
Accrued liabilities	1,888,261
Unearned revenue	107,154
Long-term liabilities, current portion	3,898,231
Long-term liabilities, non-current portion	115,619,577
<b>Total Liabilities</b>	<u>121,542,035</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows related to pensions	3,742,385
Deferred inflows related to OPEB	67,022
<b>Total Deferred Inflows of Resources</b>	<u>3,809,407</u>
<b>NET POSITION</b>	
Net investment in capital assets	8,496,338
Restricted:	
Capital projects	3,148,503
Debt service	4,978,238
Educational programs	1,366,972
Food service	117,200
Unrestricted	(32,356,834)
<b>Total Net Position</b>	<u>\$ (14,249,583)</u>

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

Function/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Governmental Activities
<b>GOVERNMENTAL ACTIVITIES</b>				
Instruction	\$ 26,973,559	\$ 1,087,906	\$ 4,729,465	\$ (21,156,188)
Instruction-related services				
Instructional supervision and administration	1,607,304	19,001	151,522	(1,436,781)
Instructional library, media, and technology	1,097,335	6,809	202,824	(887,702)
School site administration	3,039,751	-	311,192	(2,728,559)
Pupil services				
Home-to-school transportation	41,869	-	11,345	(30,524)
Food services	941,979	-	994,257	52,278
All other pupil services	2,006,842	-	533,471	(1,473,371)
General administration				
Centralized data processing	43,636	-	-	(43,636)
All other general administration	2,922,119	2,898	168,872	(2,750,349)
Plant services	3,675,835	-	173,118	(3,502,717)
Interest on long-term debt	2,267,518	-	-	(2,267,518)
Depreciation (unallocated)	2,771,884	-	-	(2,771,884)
<b>Total Governmental Activities</b>	<b>\$ 47,389,631</b>	<b>\$ 1,116,614</b>	<b>\$ 7,276,066</b>	<b>(38,996,951)</b>
General revenues				
Taxes and subventions				
Property taxes, levied for general purposes				27,745,399
Property taxes, levied for debt service				5,088,737
Property taxes, levied for other specific purposes				1,451,933
Federal and state aid not restricted for specific purposes				3,910,539
Interest and investment earnings				1,548,239
Miscellaneous				571,425
<b>Subtotal, General Revenue</b>				<b>40,316,272</b>
<b>CHANGE IN NET POSITION</b>				<b>1,319,321</b>
<b>Net Position - Beginning</b>				<b>(15,568,904)</b>
<b>Net Position - Ending</b>				<b>\$ (14,249,583)</b>

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**JUNE 30, 2021**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Cash and investments	\$ 6,730,795	\$ 20,733,608	\$ 5,674,618	\$ 3,153,083	\$ 36,292,104
Accounts receivable	2,930,002	-	-	219,152	3,149,154
Stores inventory	-	-	-	14,917	14,917
<b>Total Assets</b>	<b>\$ 9,660,797</b>	<b>\$ 20,733,608</b>	<b>\$ 5,674,618</b>	<b>\$ 3,387,152</b>	<b>\$ 39,456,175</b>
<b>LIABILITIES</b>					
Deficit cash	\$ -	\$ -	\$ -	\$ 28,812	\$ 28,812
Accrued liabilities	797,778	392,540	-	1,563	1,191,881
Unearned revenue	30,997	-	-	76,157	107,154
<b>Total Liabilities</b>	<b>828,775</b>	<b>392,540</b>	<b>-</b>	<b>106,532</b>	<b>1,327,847</b>
<b>FUND BALANCES</b>					
Nonspendable	15,100	-	-	14,917	30,017
Restricted	1,366,972	20,341,068	5,674,618	3,265,703	30,648,361
Assigned	517,844	-	-	-	517,844
Unassigned	6,932,106	-	-	-	6,932,106
<b>Total Fund Balances</b>	<b>8,832,022</b>	<b>20,341,068</b>	<b>5,674,618</b>	<b>3,280,620</b>	<b>38,128,328</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 9,660,797</b>	<b>\$ 20,733,608</b>	<b>\$ 5,674,618</b>	<b>\$ 3,387,152</b>	<b>\$ 39,456,175</b>

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



**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET**  
**POSITION**  
**JUNE 30, 2021**

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**Total Fund Balance - Governmental Funds** \$ 38,128,328

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

**Capital assets:**

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

Capital assets	\$ 106,757,852	
Accumulated depreciation	<u>(45,563,294)</u>	61,194,558

**Unmatured interest on long-term debt:**

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

(696,380)

**Long-term liabilities:**

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

Total general obligation bonds	\$ 73,039,288	
Compensated absences	120,522	
Net OPEB liability	3,973,797	
Net pension liability	<u>42,384,201</u>	(119,517,808)

**Deferred outflows and inflows of resources relating to pensions:**

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

Deferred outflows of resources related to pensions	\$ 9,340,883	
Deferred inflows of resources related to pensions	<u>(3,742,385)</u>	5,598,498

**Deferred outflows and inflows of resources relating to OPEB:**

In governmental funds, deferred outflows and inflows of resources relating to 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 OPEB are reported.

Deferred outflows of resources related to OPEB	\$ 1,110,243	
Deferred inflows of resources related to OPEB	<u>(67,022)</u>	1,043,221

<b>Total Net Position - Governmental Activities</b>	<b><u>\$ (14,249,583)</u></b>
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**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2021**

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
LCFF sources	\$ 30,916,473	\$ -	\$ -	\$ -	\$ 30,916,473
Federal sources	2,449,317	-	-	874,947	3,324,264
Other state sources	5,443,718	-	22,454	72,584	5,538,756
Other local sources	3,655,325	376,076	5,084,182	1,138,012	10,253,595
<b>Total Revenues</b>	<b>42,464,833</b>	<b>376,076</b>	<b>5,106,636</b>	<b>2,085,543</b>	<b>50,033,088</b>
<b>EXPENDITURES</b>					
Current					
Instruction	26,043,857	-	-	-	26,043,857
Instruction-related services					
Instructional supervision and administration	1,570,867	-	-	-	1,570,867
Instructional library, media, and technology	1,033,030	-	-	-	1,033,030
School site administration	2,692,909	-	-	-	2,692,909
Pupil services					
Home-to-school transportation	41,869	-	-	-	41,869
Food services	48,785	-	-	849,986	898,771
All other pupil services	1,941,930	-	-	-	1,941,930
General administration					
Centralized data processing	43,636	-	-	-	43,636
All other general administration	2,778,830	-	-	-	2,778,830
Plant services	3,410,284	63,557	-	41,159	3,515,000
Facilities acquisition and maintenance	206,952	13,548,063	-	2,010,728	15,765,743
Debt service					
Principal	-	-	3,383,655	-	3,383,655
Interest and other	-	160,000	1,971,643	-	2,131,643
<b>Total Expenditures</b>	<b>39,812,949</b>	<b>13,771,620</b>	<b>5,355,298</b>	<b>2,901,873</b>	<b>61,841,740</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>2,651,884</b>	<b>(13,395,544)</b>	<b>(248,662)</b>	<b>(816,330)</b>	<b>(11,808,652)</b>
<b>Other Financing Sources (Uses)</b>					
Other sources	-	20,000,000	1,417,215	-	21,417,215
<b>Net Financing Sources (Uses)</b>	<b>-</b>	<b>20,000,000</b>	<b>1,417,215</b>	<b>-</b>	<b>21,417,215</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>2,651,884</b>	<b>6,604,456</b>	<b>1,168,553</b>	<b>(816,330)</b>	<b>9,608,563</b>
<b>Fund Balance - Beginning</b>	<b>6,180,138</b>	<b>13,736,612</b>	<b>4,506,065</b>	<b>4,096,950</b>	<b>28,519,765</b>
<b>Fund Balance - Ending</b>	<b>\$ 8,832,022</b>	<b>\$ 20,341,068</b>	<b>\$ 5,674,618</b>	<b>\$ 3,280,620</b>	<b>\$ 38,128,328</b>

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

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**Net Change in Fund Balances - Governmental Funds** \$ 9,608,563

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

**Capital outlay:**

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

Expenditures for capital outlay:	\$ 15,764,640	
Depreciation expense:	<u>(2,771,884)</u>	12,992,756

**Debt service:**

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

3,383,655

**Debt proceeds:**

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

(21,417,215)

**Unmatured interest on long-term debt:**

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

(109,408)

**Accreted interest on long-term debt:**

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

(472,125)

*(continued on the following page)*

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES, continued  
FOR THE YEAR ENDED JUNE 30, 2021**

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Compensated absences:

In governmental funds, compensated absences are measured by the amounts paid during the period. In the statement of activities, compensated absences are measured by the amount earned. The difference between compensated absences paid and compensated absences earned, was: (7,517)

Postemployment benefits other than pensions (OPEB):

In governmental funds, OPEB expenses are recognized when employer OPEB contributions are made. In the statement of activities, OPEB expenses are recognized on the accrual basis. This year, the difference between OPEB expenses and actual employer OPEB contributions was: (506,050)

Pensions:

In governmental funds, pension costs are recognized when employer contributions are made. In the government-wide statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and employer contributions was: (2,598,996)

Amortization of debt issuance premium or discount:

In governmental funds, if debt is issued at a premium or at a discount, the premium or discount is recognized as an Other Financing Source or an Other Financing Use in the period it is incurred. In the government-wide statements, the premium or discount is amortized over the life of the debt. Amortization of premium or discount for the period is: 445,658

**Change in Net Position of Governmental Activities**

**\$ 1,319,321**

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

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

The District operates under a locally elected Board form of government and provides educational services to grades K-8 as mandated by the state. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student-related activities.

**B. Component Units**

Component units are legally separate organizations for which the District is financially accountable. Component units may also include organizations that are fiscally dependent on the District in that the District approves their budget, the issuance of their debt or the levying of their taxes. In addition, component units are other legally separate organizations for which the District is not financially accountable but the nature and significance of the organization's relationship with the District is such that exclusion would cause the District's financial statements to be misleading or incomplete. The District has no such component units.

**C. Basis of Presentation**

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

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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

**C. Basis of Presentation (continued)**

**Fund Financial Statements.** The fund financial statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

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

**Major Governmental Funds**

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

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

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

**Non-Major Governmental Funds**

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

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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

**C. Basis of Presentation (continued)**

**Non-Major Governmental Funds (continued)**

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

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

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

**D. Basis of Accounting – Measurement Focus**

**Government-Wide Financial Statements**

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

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

**Governmental Funds**

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

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

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

**Revenues – Exchange and Non-Exchange Transactions**

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

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

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

**Unearned Revenue**

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

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

**Expenses/Expenditures**

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



**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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

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

**Cash and Cash Equivalents**

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

**Investments**

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

**Inventories**

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

**Capital Assets**

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

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

<b><u>Asset Class</u></b>	<b><u>Estimated Useful Life</u></b>
Buildings and Improvements	7 to 50 Years
Furniture and Equipment	5 to 20 Years
Site Improvements	14 to 40 Years

**Interfund Balances**

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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

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

**Compensated Absences**

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

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

**Accrued Liabilities and Long-Term Obligations**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
Measurement Period	July 1, 2019 – June 30, 2020

Gains and losses related to changes in total OPEB liability are recognized in OPEB expense systematically over time. The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense. The amortization period differs depending on the source of gain or loss. The difference between projected and actual earnings is amortized on a straight-line basis over five years. All other amounts are amortized on a straight-line basis over the average expected remaining service lives of all members that are provided with benefits (active, inactive, and retired) at the beginning of the measurement period.

**Premiums and Discounts**

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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

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

**Deferred Outflows/Deferred Inflows of Resources**

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

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

**Pensions**

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

**Fund Balance**

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

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

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

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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

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

**Fund Balance (continued)**

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

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

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

**F. Interfund Activity**

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

**G. Estimates**

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

**H. Budgetary Data**

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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

**H. Budgetary Data (continued)**

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

**I. Property Tax**

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

**J. New Accounting Pronouncements**

**GASB Statement No. 84** – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This standard's primary objective is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2019. The District has implemented this Statement as of June 30, 2021.

**GASB Statement No. 87** – In June 2017, GASB issued Statement No. 87, *Leases*. This standard's primary objective is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 91** – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. This standard's primary objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The statement was postponed by GASB Statement No. 95 and is effective for periods beginning after December 15, 2021. The District has not yet determined the impact on the financial statements.

**GASB Statement No. 92** – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. This standard's primary objectives are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. A portion of this statement was effective upon issuance, while the majority of this statement was postponed by GASB Statement No. 95 and is effective for periods beginning after June 15, 2021. The District has implemented the requirements that were effective upon issuance but has not yet determined the impact on the financial statements for the requirements of this statement that are not yet effective.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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

**J. New Accounting Pronouncements (continued)**

**GASB Statement No. 97** – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. This standard's primary objectives are to increase consistency and comparability related to reporting fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; to mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and to enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The statement is effective for periods beginning after June 15, 2021. The District has not yet determined the impact on the financial statements.

**NOTE 2 – CASH AND INVESTMENTS**

**A. Summary of Cash and Investments**

	<b>Governmental Activities</b>
Investment in county treasury*	\$ 36,245,092
Cash on hand and in banks	3,100
Cash in revolving fund	15,100
<b>Total</b>	<b>\$ 36,263,292</b>

\*net of deficit cash

**B. Policies and Practices**

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

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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

**C. General Authorizations**

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

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

**D. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The District manages its exposure to interest rate risk by investing in the County Treasury. The District maintains a pooled investment with the County Treasury with a fair value of approximately \$36,299,815 and an amortized book value of \$36,245,092. The average weighted maturity for this pool is 300 days.

**E. Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The investments in the County Treasury are not required to be rated.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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

**F. Custodial Credit Risk – Deposits**

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits. As of June 30, 2021, the District's bank balance was not exposed to custodial credit risk.

**G. Fair Value**

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

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

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

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

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

The District's fair value measurements at June 30, 2021 were as follows:

	<b><u>Uncategorized</u></b>
Investment in county treasury	<b><u>\$ 36,299,815</u></b>
<b>Total</b>	<b><u>\$ 36,299,815</u></b>



**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**NOTE 3 – ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2021 consisted of the following:

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Activities</b>
Federal Government			
Categorical aid	\$ 886,550	\$ 201,313	\$ 1,087,863
State Government			
Apportionment	836,268	-	836,268
Categorical aid	953,004	17,773	970,777
Lottery	230,577	-	230,577
Local Government			
Other local sources	23,603	66	23,669
<b>Total</b>	<b>\$ 2,930,002</b>	<b>\$ 219,152</b>	<b>\$ 3,149,154</b>

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2021 was as follows:

	<b>Balance July 01, 2020</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2021</b>
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 2,738,587	\$ -	\$ -	\$ 2,738,587
Construction in progress	5,205,439	14,728,566	-	19,934,005
Total Capital Assets not Being Depreciated	7,944,026	14,728,566	-	22,672,592
Capital assets being depreciated				
Land improvements	19,074,335	-	-	19,074,335
Buildings & improvements	62,115,755	152,000	-	62,267,755
Furniture & equipment	1,859,096	884,074	-	2,743,170
Total Capital Assets Being Depreciated	83,049,186	1,036,074	-	84,085,260
Less Accumulated Depreciation				
Land improvements	13,134,702	682,378	-	13,817,080
Buildings & improvements	28,744,305	1,906,416	-	30,650,721
Furniture & equipment	912,403	183,090	-	1,095,493
Total Accumulated Depreciation	42,791,410	2,771,884	-	45,563,294
<b>Governmental Activities</b>				
<b>Capital Assets, net</b>	<b>\$ 48,201,802</b>	<b>\$ 12,992,756</b>	<b>\$ -</b>	<b>\$ 61,194,558</b>

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**NOTE 5 – ACCRUED LIABILITIES**

Accrued liabilities at June 30, 2021 consisted of the following:

	<b>General Fund</b>	<b>Building Fund</b>	<b>Non-Major Governmental Funds</b>	<b>District-Wide</b>	<b>Governmental Activities</b>
Payroll	\$ 109,167	\$ -	\$ -	\$ -	\$ 109,167
Construction	-	392,540	1,480	-	394,020
Vendors payable	688,611	-	83	-	688,694
Unmatured interest	-	-	-	696,380	696,380
<b>Total</b>	<b>\$ 797,778</b>	<b>\$ 392,540</b>	<b>\$ 1,563</b>	<b>\$ 696,380</b>	<b>\$ 1,888,261</b>

**NOTE 6 – UNEARNED REVENUE**

Unearned revenue at June 30, 2021 consisted of the following:

	<b>General Fund</b>	<b>Non-Major Governmental Funds</b>	<b>Governmental Activities</b>
Federal sources	\$ 27,383	\$ -	\$ 27,383
State categorical sources	3,614	-	3,614
Local sources	-	76,157	76,157
<b>Total</b>	<b>\$ 30,997</b>	<b>\$ 76,157</b>	<b>\$ 107,154</b>

**NOTE 7 – LONG-TERM LIABILITIES**

A schedule of changes in long-term liabilities for the year ended June 30, 2021 consisted of the following:

	<b>Balance July 01, 2020</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2021</b>	<b>Balance Due In One Year</b>
<b>Governmental Activities</b>					
General obligation bonds	\$ 51,773,382	\$ 20,523,470	\$ 3,435,000	\$ 68,861,852	\$ 3,615,000
Unamortized premium	3,205,879	1,417,215	445,658	4,173,436	283,231
Total general obligation bonds	54,979,261	21,940,685	3,880,658	73,039,288	3,898,231
Compensated absences	113,005	7,517	-	120,522	-
Net OPEB liability	3,327,673	646,124	-	3,973,797	-
Net pension liability	39,883,245	2,500,956	-	42,384,201	-
<b>Total</b>	<b>\$ 98,303,184</b>	<b>\$ 25,095,282</b>	<b>\$ 3,880,658</b>	<b>\$ 119,517,808</b>	<b>\$ 3,898,231</b>

- Payments for general obligation bonds are made in the Bond Interest and Redemption Fund.
- Payments for compensated absences are typically liquidated in the General Fund and the Non-Major Governmental Funds.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**NOTE 7 – LONG-TERM LIABILITIES (continued)**

**A. General Obligation Bonds**

The general obligations bonds outstanding at June 30, 2021 are summarized as follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Bonds Outstanding		Additions	Deductions	Bonds Outstanding	
					July 01, 2020				June 30, 2021	
2002 Series D	5/13/2010	2026	4.10% - 4.25%	\$ 2,035,000	\$ 2,035,000	\$ -	\$ -	\$ -	\$ 2,035,000	
2002 Series E	5/13/2010	2024	3.00% - 5.625%	1,964,628	2,253,382	523,470	140,000		2,636,852	
2012 Refunding	7/31/2012	2027	4.00% - 4.80%	8,420,000	3,085,000	-	1,090,000		1,995,000	
2015 Refunding	6/11/2015	2031	3.00% - 5.00%	14,030,000	9,900,000	-	1,035,000		8,865,000	
2016 Series A	10/5/2016	2047	3.00% - 5.00%	20,000,000	14,500,000	-	450,000		14,050,000	
2016 Series B	5/21/2019	2044	2.125% - 5.00%	20,000,000	20,000,000	-	720,000		19,280,000	
2016 Series C	10/7/2020	2046	2.00% - 5.00%	20,000,000	-	20,000,000	-		20,000,000	
					\$ 51,773,382	\$ 20,523,470	\$ 3,435,000	\$ -	\$ 68,861,852	

The annual requirements to amortize general obligation bonds outstanding at June 30, 2021, including accreted interest, is as follows:

Year Ended June 30,	Principal	Interest	Total
2022	\$ 3,526,687	\$ 2,061,389	\$ 5,588,076
2023	3,222,389	1,995,510	5,217,899
2024	2,407,318	1,867,609	4,274,927
2025	2,870,000	1,788,561	4,658,561
2026	2,715,000	1,658,724	4,373,724
2027 - 2031	9,130,000	6,971,078	16,101,078
2032 - 2036	9,575,000	5,423,569	14,998,569
2037 - 2041	13,620,000	4,011,712	17,631,712
2042 - 2046	19,210,000	1,848,675	21,058,675
2047	1,410,000	42,300	1,452,300
Accretion	1,175,458	(1,175,458)	-
<b>Total</b>	<b>\$ 68,861,852</b>	<b>\$ 26,493,669</b>	<b>\$ 95,355,521</b>

**B. Compensated Absences**

Total unpaid employee compensated absences as of June 30, 2021 amounted to \$120,522. This amount is included as part of long-term liabilities in the government-wide financial statements.

**C. Other Postemployment Benefits**

The District's beginning net OPEB liability was \$3,327,673 and increased by \$646,124 during the year ended June 30, 2021. The ending net OPEB liability at June 30, 2021 was \$3,973,797 which represents the total OPEB liability reported for the District Plan and its proportionate share of the net MPP Program OPEB liability. See Note 9 for additional information regarding the net OPEB liability.

**D. Net Pension Liability**

The District's beginning net pension liability was \$39,883,245 and increased by \$2,500,956 during the year ended June 30, 2021. The ending net pension liability at June 30, 2021 was \$42,384,201. See Note 10 for additional information regarding the net pension liability.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**NOTE 8 – FUND BALANCES**

Fund balances were composed of the following elements at June 30, 2021:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Non-spendable					
Revolving cash	\$ 15,100	\$ -	\$ -	\$ -	\$ 15,100
Stores inventory	-	-	-	14,917	14,917
Total non-spendable	15,100	-	-	14,917	30,017
Restricted					
Educational programs	1,366,972	-	-	-	1,366,972
Food service	-	-	-	117,200	117,200
Capital projects	-	20,341,068	-	3,148,503	23,489,571
Debt service	-	-	5,674,618	-	5,674,618
Total restricted	1,366,972	20,341,068	5,674,618	3,265,703	30,648,361
Assigned					
Other assignments	517,844	-	-	-	517,844
Total assigned	517,844	-	-	-	517,844
Unassigned	6,932,106	-	-	-	6,932,106
<b>Total Fund Balance</b>	<b>\$ 8,832,022</b>	<b>\$ 20,341,068</b>	<b>\$ 5,674,618</b>	<b>\$ 3,280,620</b>	<b>\$ 38,128,328</b>

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

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**A. Plan Description**

The Walnut Creek Elementary School District's defined benefit OPEB plan, Walnut Creek Elementary School District Retiree Benefit Plan (the Plan) is described below. The Plan is a single-employer defined benefit plan administered by the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

*Medicare Premium Payment (MPP) Program*

The Medicare Premium Payment Program is a cost-sharing multiple-employer other postemployment benefit plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program, through the Teachers' Health Benefit Fund. The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the Defined Benefit Program who were retired or began receiving a disability allowance prior to July 1, 2012, and were not eligible for premium free Medicare Part A. The payments are made directly to the Centers for Medicare and Medicaid Services on a monthly basis.

**B. OPEB Plan Fiduciary Net Position – MPP Program**

Detailed information about the Plan's fiduciary net position is available in the separately-issued the Plan Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained by contacting the District.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)**

**C. Benefits Provided**

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements.

**D. Contributions**

For the measurement period ended June 30, 2020, the District contributed \$146,093 to the Plan, all of which was used for current premiums.

**E. Plan Membership**

Membership of the Plan consisted of the following:

	<b><u>Number of participants</u></b>
Inactive employees receiving benefits	20
Inactive employees entitled to but not receiving benefits*	-
Participating active employees	<u>282</u>
<b>Total number of participants**</b>	<b><u>302</u></b>

\*Information not provided

\*\*As of the June 30, 2019 valuation date

**F. Total OPEB Liability**

The components of the net OPEB liability of the District at June 30, 2021, were as follows:

Total OPEB liability - District Plan	\$ 3,777,756
District's Proportionate Share of the Net MPP OPEB Liability	<u>196,041</u>
<b>District's total recorded net OPEB liability</b>	<b><u>\$ 3,973,797</u></b>

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**G. Actuarial Assumptions and Other Inputs**

The total OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2019 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

***District Plan***

**Economic assumptions:**

Inflation	2.20%
Salary increases	2.75%
Healthcare cost trend rates	4.00%

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reeducation. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actual experience study for the period July 1, 2018 to June 30, 2019.

***MPP Plan***

**Economic assumptions:**

Inflation	2.75%
Discount rate	2.21%
Medicare cost trend rate	4.50% Part A and 5.40% Part B

**Non-economic assumptions:**

**Mortality Rates**

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 our members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table issued by the Society of Actuaries.

The discount rate used to measure the total OPEB liability was 2.21%. The MPP Program is funded on a pay-as-you-go basis as previously noted, and under the pay-as-you-go method, the OPEB plan's fiduciary net position was not projected to be sufficient to make projected future benefit payments. Therefore, the MPP Program used the Bond Buyer's 20-Bond GO Index from Bondybuyer.com as of June 30, 2020, as the discount rate, which was applied to all periods of projected benefit payments to measure the total OPEB liability. The discount rate as of June 30, 2020, was 2.21%, which is a decrease of 1.29% from 3.50% as of June 30, 2019.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**H. Changes in Net OPEB Liability**

	<u>June 30, 2021</u>
<b>Total OPEB Liability</b>	
Service cost	\$ 391,201
Interest on total OPEB liability	113,272
Difference between expected and actual experience	(1,447)
Changes of assumptions	306,312
Benefits payments	(146,093)
Net change in total OPEB liability	663,245
Total OPEB liability - beginning	3,114,511
Total OPEB liability - ending (a)	<u>\$ 3,777,756</u>
 District's Proportionate Share of the Net MPP OPEB Liability (b)	 \$ 196,041
 District's total recorded net OPEB liability - ending (a) + (b)	 <u>\$ 3,973,797</u>
 Covered-employee payroll	 N/A*

\*Note: The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

**I. Sensitivity of the OPEB Liability to Changes in the Discount Rate**

The following presents the OPEB liability of the Walnut Creek Elementary School District, as well as what the District's 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:

	<b>1% Decrease (1.20%)</b>	<b>Valuation Discount Rate (2.20%)</b>	<b>1% Increase (3.20%)</b>
Total OPEB liability - District Plan	\$ 3,974,394	\$ 3,777,756	\$ 3,531,061
	<b>1% Decrease (1.21%)</b>	<b>Discount Rate (2.21%)</b>	<b>1% Increase (3.21%)</b>
Net OPEB liability - MPP Program	\$ 216,778	\$ 196,041	\$ 178,396

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**J. Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the OPEB liability of the Walnut Creek Elementary School District, as well as what the District's OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

	<b>Health Care Cost</b>		
	<b>1% Decrease (3.00%)</b>	<b>Trend Rate (4.00%)</b>	<b>1% Increase (5.00%)</b>
Total OPEB liability - District Plan	\$ 3,579,052	\$ 3,777,756	\$ 3,995,648

	<b>Medicare Costs</b>		
	<b>1% Decrease (3.50% Part A and 4.40% Part B)</b>	<b>Trend Rate (4.50% Part A and 5.40% Part B)</b>	<b>1% Increase (5.50% Part A and 6.40% Part B)</b>
Net OPEB liability - MPP Program	\$ 177,757	\$ 196,041	\$ 217,089

**K. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2021, the Walnut Creek Elementary School District recognized OPEB expense of \$595,432. At June 30, 2021, the Walnut Creek Elementary School District reported deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB from the following sources:

	<b>District Plan</b>		<b>MPP Program</b>
	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between projected and actual earnings on plan investments	\$ -	\$ -	\$ 94
Differences between expected and actual experience	205,148	1,333	-
Changes in assumptions	835,397	30,599	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	-	34,996
District contributions subsequent to the measurement date	69,698	-	-
	<u>\$ 1,110,243</u>	<u>\$ 31,932</u>	<u>\$ 35,090</u>



**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 9 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)**

**K. OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB**

The \$69,698 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	District Plan		MPP Program
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Inflows of Resources
2022	\$ 94,133	\$ 3,174	\$ 5,863
2023	94,133	3,174	5,862
2024	94,133	3,174	5,856
2025	94,133	3,174	5,845
2026	94,133	3,174	5,833
Thereafter	569,880	16,062	5,831
	<u>\$ 1,040,545</u>	<u>\$ 31,932</u>	<u>\$ 35,090</u>

**NOTE 10 – PENSION PLANS**

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

	Net pension liability	Deferred outflows related to pensions	Deferred inflows related to pensions	Pension expense
STRS Pension	\$ 31,361,589	\$ 7,226,336	\$ 3,605,731	\$ 4,657,024
PERS Pension	11,022,612	2,114,547	136,654	1,776,092
<b>Total</b>	<u>\$ 42,384,201</u>	<u>\$ 9,340,883</u>	<u>\$ 3,742,385</u>	<u>\$ 6,433,116</u>

**A. California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 10 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Benefits Provided**

The CalSTRS defined benefit plan has two benefit formulas:

1. 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 60 members are eligible for normal retirement at age 60, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. Early retirement options are available at age 55 with five years of credited service or as early as age 50 with 30 years of credited service. The age factor for retirements after age 60 increases with each quarter year of age to 2.4 percent at age 63 or older. Members who have 30 years or more of credited service receive an additional increase of up to 0.2 percent to the age factor, known as the career factor. The maximum benefit with the career factor is 2.4 percent of final compensation.
2. CalSTRS 2% at 62: Members first hired on or after January 1, 2013, to perform service that could be creditable to CalSTRS. CalSTRS 2% at 62 members are eligible for normal retirement at age 62, with a minimum of five years of credited service. The normal retirement benefit is equal to 2.0 percent of final compensation for each year of credited service. An early retirement option is available at age 55. The age factor for retirement after age 62 increases with each quarter year of age to 2.4 percent at age 65 or older.

**Contributions**

Active plan CalSTRS 2% at 60 and 2% at 62 members are required to contribute 10.25% and 10.205% of their salary for fiscal year 2021, respectively, and the District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by CalSTRS Teachers' Retirement Board. The required employer contribution rate for fiscal year 2021 was 19.10% of annual payroll reduced to 16.15% pursuant to California Senate Bill 90 (SB 90). The contribution requirements of the plan members are established by state statute. Contributions to the plan from the District were \$2,773,805 for the year ended June 30, 2021.

**On-Behalf Payments**

The District was the recipient of on-behalf payments made by the State of California to CalSTRS for K-12 education. These payments consist of state general fund contributions of approximately \$1,829,614 to CalSTRS.

**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	\$ 31,361,589
State's proportionate share of the net pension liability associated with the District	16,166,772
<b>Total</b>	<u>\$ 47,528,361</u>

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 10 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

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

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 applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.032 percent, which was consistent with its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$4,657,024. In addition, the District recognized pension expense and revenue of \$505,478 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:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 744,971	\$ -
Differences between expected and actual experience	55,339	884,450
Changes in assumptions	3,058,199	-
Changes in proportion and differences between District contributions and proportionate share of contributions	594,022	2,721,281
District contributions subsequent to the measurement date	2,773,805	-
<b>Total</b>	<u>\$ 7,226,336</u>	<u>\$ 3,605,731</u>

The \$2,773,805 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 614,891	\$ 1,036,802
2023	1,323,616	974,669
2024	1,577,333	134,445
2025	842,401	597,957
2026	46,717	562,109
2027	47,573	299,749
<b>Total</b>	<u>\$ 4,452,531</u>	<u>\$ 3,605,731</u>

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 10 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Consumer Price Inflation	2.75%
Investment Rate of Return*	7.10%
Wage Inflation	3.50%

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

CalSTRS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are based on MP-2016 series tables adjusted to fit CalSTRS experience.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2018.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best-estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance–PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class as of June 30, 2020, are summarized in the following table:

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Long-Term Expected Real Rate of Return*</b>
Public Equity	42%	4.80%
Real Estate	15%	3.60%
Private Equity	13%	6.30%
Fixed Income	12%	1.30%
Risk Mitigating Strategies	10%	1.80%
Inflation Sensitive	6%	3.30%
Cash/Liquidity	2%	-0.40%
	<hr/> 100% <hr/>	

\*20-year geometric average

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 10 – PENSION PLANS (continued)**

**A. California State Teachers' Retirement System (CalSTRS) (continued)**

**Discount Rate**

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

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.10 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:

	<b>1% Decrease (6.10%)</b>	<b>Current Discount Rate (7.10%)</b>	<b>1% Increase (8.10%)</b>
District's proportionate share of the net pension liability	\$ 47,382,993	\$ 31,361,589	\$ 18,133,664

**Pension Plan Fiduciary Net Position**

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 10 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS)**

**Plan Description**

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

**Benefits Provided**

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

**Contributions**

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

The District is required to contribute an actuarially determined rate. The actuarial methods and assumptions used for determining the rate are those adopted by the CalPERS Board of Administration. The required employer contribution rate for fiscal year 2021 was 22.68% of annual payroll reduced to 20.70% pursuant to California Senate Bill 90 (SB 90). Contributions to the plan from the District were \$1,060,315 for the year ended June 30, 2021.

**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 of \$11,022,612 for 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 applying update procedures to an actuarial valuation as of June 30, 2019 and rolling forward the total pension liability to June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2020, the District's proportion was 0.036 percent, which was a decrease of 0.001 percent from its proportion measured as of June 30, 2019.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 10 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS) (continued)**

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

For the year ended June 30, 2021, the District recognized pension expense of \$1,776,092. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual earnings on plan investments	\$ 229,456	\$ -
Differences between expected and actual experience	546,688	-
Changes in assumptions	40,420	-
Changes in proportion and differences between District contributions and proportionate share of contributions	237,668	136,654
District contributions subsequent to the measurement date	1,060,315	-
<b>Total</b>	<u>\$ 2,114,547</u>	<u>\$ 136,654</u>

The \$1,060,315 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
2022	\$ 520,837	\$ 66,681
2023	238,797	36,828
2024	185,028	33,145
2025	109,570	-
<b>Total</b>	<u>\$ 1,054,232</u>	<u>\$ 136,654</u>

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 10 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS) (continued)**

**Actuarial Assumptions**

The total pension liability was determined by applying update procedures to an actuarial valuation as of June 30, 2019, and rolling forward the total pension liability to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Discount Rate	7.15%
Salary Increases	Varies by Entry Age and Service

CalPERS uses custom mortality tables to best fit the patterns of mortality among its members. These custom tables are derived using CalPERS' membership data for all funds. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from 1997 through 2015.

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



**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 10 – PENSION PLANS (continued)**

**B. California Public Employees' Retirement System (CalPERS) (continued)**

**Actuarial Assumptions (continued)**

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

<b>Asset Class</b>	<b>Assumed Asset Allocation</b>	<b>Real Return Years 1 – 10*</b>	<b>Real Return Years 11+**</b>
Global Equity	50.0%	4.80%	5.98%
Fixed Income	28.0%	1.00%	2.62%
Inflation Assets	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Assets	13.0%	3.75%	4.93%
Liquidity	1.0%	0.0%	-0.92%
	<u>100.0%</u>		

\*An expected inflation of 2.00% used for this period.

\*\*An expected inflation 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 Schools Pool. The results of the crossover testing for the Schools Pool are presented in a detailed report that can be obtained at CalPERS' website.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.15 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:

	<b>1% Decrease (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>1% Increase (8.15%)</b>
District's proportionate share of the net pension liability	\$ 15,847,015	\$ 11,022,612	\$ 7,018,600

**Pension Plan Fiduciary Net Position**

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2021.

**B. Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2021.

**C. Construction Commitments**

As of June 30, 2021, the District had commitments with respect to unfinished capital projects of \$8,684,591.

**NOTE 12 – PARTICIPATION IN JOINT POWERS AUTHORITIES**

The District is a member of the East Bay School Insurance Group (EBSIG), Contra Costa County School Insurance Group (CCCSIG), and the Schools Self Insurance of Contra Costa County (SSICCC) public entity risk pools. The District pays an annual premium to the applicable entity for its health, workers' compensation, and property liability coverage. Payments for property and liabilities are paid to the EBSIG, payments for workers' compensation are paid to CCCSIG, and payments for dental and vision are paid to SSICCC. The relationships between the District, the pools, and the JPAs are such that they are not component units of the District for financial reporting purposes.

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS, continued**  
**JUNE 30, 2021**

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**NOTE 13 – DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

**A. Pension Plans**

Pursuant to GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, the District recognized deferred outflows of resources related to pensions and deferred inflows of resources related to pensions in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 10. At June 30, 2021, total deferred outflows related to pensions was \$9,340,883 and total deferred inflows related to pensions was \$3,742,385.

**B. Other Postemployment Benefits**

Pursuant to GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District recognized deferred outflows of resources related to other postemployment benefits and deferred inflows of resources related to other postemployment benefits in the District-wide financial statements. Further information regarding the deferred outflows of resources and deferred inflows of resources can be found at Note 9. At June 30, 2021, total deferred outflows related to other postemployment benefits was \$1,110,243 and total deferred inflows related to other postemployment benefits was \$67,022.

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## **REQUIRED SUPPLEMENTARY INFORMATION**

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**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
GENERAL FUND – BUDGETARY COMPARISON SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2021**

	Budgeted Amounts		Actual*	Variances -
	Original	Final	(Budgetary Basis)	Final to Actual
REVENUES				
LCFF sources	\$ 29,799,503	\$ 31,611,217	\$ 30,916,473	\$ (694,744)
Federal sources	1,182,274	1,842,105	2,449,317	607,212
Other state sources	2,826,735	2,788,448	5,607,324	2,818,876
Other local sources	3,114,786	3,536,160	3,646,548	110,388
Total Revenues	36,923,298	39,777,930	42,619,662	2,841,732
EXPENDITURES				
Certificated salaries	17,487,660	17,697,284	18,027,464	(330,180)
Classified salaries	5,025,012	5,203,517	5,468,458	(264,941)
Employee benefits	8,156,604	8,374,781	7,564,823	809,958
Books and supplies	947,648	2,441,680	2,025,625	416,055
Services and other operating expenditures	4,744,618	6,170,359	5,782,290	388,069
Capital outlay	-	-	206,952	(206,952)
Total Expenditures	36,361,542	39,887,621	39,075,612	812,009
Excess (Deficiency) of Revenues				
Over Expenditures	561,756	(109,691)	3,544,050	3,653,741
Other Financing Sources (Uses)				
Transfers in	65,000	65,000	65,000	-
Transfers out	(70,000)	(187,321)	-	187,321
Net Financing Sources (Uses)	(5,000)	(122,321)	65,000	187,321
NET CHANGE IN FUND BALANCE				
Fund Balance - Beginning	4,320,054	5,050,189	4,349,016	(701,173)
Fund Balance - Ending	\$ 4,876,810	\$ 4,818,177	\$ 7,958,066	\$ 3,139,889

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

- Actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54.
- Adjustments to on-behalf payments of \$737,337 are not included in the actual revenues and expenditures reported in this schedule.
- The schedule above does include the audit adjustment to the ELO grant disclosed in the Reconciliation of Annual Financial and Budget Report With Audited Financial Statements.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS – DISTRICT PLAN  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
<b>Total OPEB Liability</b>				
Service cost	\$ 391,201	\$ 236,570	\$ 240,841	\$ 234,395
Interest on total OPEB liability	113,272	78,809	71,820	58,514
Difference between expected and actual experience	(1,447)	233,484	-	-
Changes of assumptions	306,312	655,428	(39,779)	-
Benefits payments	<u>(146,093)</u>	<u>(90,834)</u>	<u>(82,791)</u>	<u>(79,607)</u>
Net change in total OPEB liability	663,245	1,113,457	190,091	213,302
Total OPEB liability - beginning	<u>3,114,511</u>	<u>2,001,054</u>	<u>1,810,963</u>	<u>1,597,661</u>
Total OPEB liability - ending (a)	<u>\$ 3,777,756</u>	<u>\$ 3,114,511</u>	<u>\$ 2,001,054</u>	<u>\$ 1,810,963</u>
 District's Proportionate Share of the Net MPP OPEB Liability (b)	 \$ 196,041	 \$ 213,162	 \$ 221,456	 \$ 243,406
 District's total recorded net OPEB liability - ending (a) + (b)	 <u>\$ 3,973,797</u>	 <u>\$ 3,327,673</u>	 <u>\$ 2,222,510</u>	 <u>\$ 2,054,369</u>
 Covered-employee payroll	 N/A*	 N/A*	 N/A*	 N/A*

\*Note: The District's OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS – MPP PROGRAM  
FOR THE YEAR ENDED JUNE 30, 2021**

*(Dollars in thousands, except for District's proportionate share.)*

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
<b>Total OPEB Liability</b>				
Interest on total OPEB liability	\$ 12,457	\$ 14,225	\$ 14,567	\$ 12,928
Difference between expected and actual experience	(4,288)	(10,605)	(15,759)	(41)
Changes of assumptions	70,417	12,111	(10,293)	(31,240)
Benefits payments	(27,217)	(27,546)	(28,036)	(28,929)
Net change in total OPEB liability	51,369	(11,815)	(39,521)	(47,282)
Total OPEB liability - beginning	369,413	381,228	420,749	468,031
Total OPEB liability - ending	420,782	369,413	381,228	420,749
<b>Plan fiduciary net position</b>				
Contributions - employer	\$ 27,685	\$ 27,977	\$ 28,218	\$ 29,117
Net investment income	25	29	18	11
Benefit payments	(27,217)	(27,546)	(28,036)	(28,929)
Administrative expenses	(512)	(1,902)	(578)	(168)
Net change in plan fiduciary net position	(19)	(1,442)	(378)	31
Plan fiduciary net position - beginning, as previously reported	(2,984)	(1,542)	41	10
Adjustment for application of new GASB statement	-	-	(1,205)	-
Plan fiduciary net position - beginning, adjusted	(2,984)	(1,542)	(1,164)	10
Plan fiduciary net position - ending	\$ (3,003)	\$ (2,984)	\$ (1,542)	\$ 41
MPP Program Net OPEB liability	\$ 423,785	\$ 372,397	\$ 382,770	\$ 420,708
District's proportionate share of net OPEB liability	\$ 196,041	\$ 213,162	\$ 221,456	\$ 243,406
Plan fiduciary net position as a percentage of the total OPEB liability	-0.71%	-0.81%	-0.40%	0.01%
Covered-employee payroll*	*	*	*	*
District's net OPEB liability as a percentage of covered-employee payroll	*	*	*	*

\*As of June 30, 2012, active members are no longer eligible for future enrollment in the MPP Program; therefore, the covered payroll disclosure is not applicable.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.032%	0.032%	0.032%	0.033%	0.031%	0.034%	0.032%
District's proportionate share of the net pension liability	\$ 31,361,589	\$ 29,223,903	\$ 29,625,112	\$ 30,402,329	\$ 25,337,613	\$ 26,093,373	\$ 18,907,831
State's proportionate share of the net pension liability associated with the District	16,166,772	15,943,590	16,961,762	17,985,761	14,424,251	13,800,518	11,417,365
<b>Total</b>	<u>\$ 47,528,361</u>	<u>\$ 45,167,493</u>	<u>\$ 46,586,874</u>	<u>\$ 48,388,090</u>	<u>\$ 39,761,864</u>	<u>\$ 39,893,891</u>	<u>\$ 30,325,196</u>
District's covered payroll	\$ 17,521,977	\$ 17,392,310	\$ 17,299,813	\$ 16,435,596	\$ 16,811,678	\$ 15,699,493	\$ 16,031,578
District's proportionate share of the net pension liability as a percentage of its covered payroll	179.0%	168.0%	171.2%	185.0%	150.7%	166.2%	117.9%
Plan fiduciary net position as a percentage of the total pension liability	71.8%	72.6%	71.0%	69.5%	70.0%	74.0%	76.5%

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



**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.036%	0.037%	0.039%	0.034%	0.030%	0.029%	0.032%
District's proportionate share of the net pension liability	\$ 11,022,612	\$ 10,659,342	\$ 10,328,288	\$ 8,129,720	\$ 5,896,190	\$ 4,324,081	\$ 3,660,454
District's covered payroll	\$ 5,300,857	\$ 5,224,842	\$ 5,271,167	\$ 4,336,917	\$ 3,938,702	\$ 3,330,669	\$ 3,518,453
District's proportionate share of the net pension liability as a percentage of its covered payroll	207.9%	204.0%	195.9%	187.5%	149.7%	129.8%	104.0%
Plan fiduciary net position as a percentage of the total pension liability	70.0%	70.0%	70.8%	71.9%	73.9%	79.4%	83.4%

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALSTRS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 2,773,805	\$ 2,996,258	\$ 2,831,468	\$ 2,496,363	\$ 2,067,598	\$ 1,803,893	\$ 1,394,115
Contributions in relation to the contractually required contribution*	(2,773,805)	(2,996,258)	(2,831,468)	(2,496,363)	(2,067,598)	(1,803,893)	(1,394,115)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,175,268	\$ 17,521,977	\$ 17,392,310	\$ 17,299,813	\$ 16,435,596	\$ 16,811,678	\$ 15,699,493
Contributions as a percentage of covered payroll	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%

\*Amounts do not include on-behalf contributions

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF DISTRICT CONTRIBUTIONS - CALPERS  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 1,060,315	\$ 1,045,382	\$ 943,711	\$ 818,665	\$ 602,311	\$ 466,618	\$ 392,053
Contributions in relation to the contractually required contribution*	(1,060,315)	(1,045,382)	(943,711)	(818,665)	(602,311)	(466,618)	(392,053)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,122,301	\$ 5,300,857	\$ 5,224,842	\$ 5,271,167	\$ 4,336,917	\$ 3,938,702	\$ 3,330,669
Contributions as a percentage of covered payroll	20.70%	19.72%	18.06%	15.53%	13.89%	11.85%	11.77%

\*Amounts do not include on-behalf contributions

See accompanying notes to required supplementary information.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Budgetary Comparison Schedule**

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

**Schedule of Changes in Total OPEB Liability and Related Ratios – District Plan**

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the total OPEB liability, and the components of the total OPEB liability and related ratios.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuation.

**Changes in Assumptions**

The discount rate assumption decreased from 3.50% to 2.20% since the prior measurement.

**Schedule of Changes in Net OPEB Liability and Related Ratios – MPP Program**

This 10-year schedule is required by GASB Statement No. 75 for all sole and agent employers that provide other postemployment benefits (OPEB). Until a full 10-year trend is compiled, the schedule will only show those years under which GASB Statement No. 75 was applicable. The schedule presents the sources of change in the net OPEB liability, and the components of the net OPEB liability and related ratios, including the OPEB plan's fiduciary net position as a percentage of the total OPEB liability.

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuation.

**Changes in Assumptions**

The discount rate used for 2020 financial reporting was 2.21%, a decrease from the rate of 3.50% used for 2019 financial reporting.

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

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

**Changes in Benefit Terms**

There were no changes in benefit terms since the previous valuations for CalSTRS and CalPERS.

**Changes in Assumptions**

There were no changes in economic assumptions since the previous valuations for CalSTRS and CalPERS.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION, continued**  
**FOR THE YEAR ENDED JUNE 30, 2021**

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**NOTE 1 – PURPOSE OF SCHEDULES (continued)**

**Schedule of District Contributions**

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

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

For the year ended June 30, 2021, the District incurred an excess of expenditures over appropriations in individual major funds presented in the Budgetary Comparison Schedule by major object code.

	<b>Expenditures and Other Uses</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Excess</b>
General Fund			
Certificated salaries	\$ 17,697,284	\$ 18,027,464	\$ 330,180
Classified salaries	\$ 5,203,517	\$ 5,468,458	\$ 264,941
Capital outlay	\$ -	\$ 206,952	\$ 206,952

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## **SUPPLEMENTARY INFORMATION**

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**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster</b>	<b>AL Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Expenditures</b>
<b>U. S. DEPARTMENT OF EDUCATION:</b>			
<i>Passed through California Department of Education:</i>			
Title I, Part A, Basic Grants Low-Income and Neglected	84.010	14329	\$ 99,948
Title II, Part A, Supporting Effective Instruction Local Grants	84.367	14341	43,859
Title III, English Learner Student Program	84.365	14346	35,706
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396	12,218
Special Education Cluster			
IDEA Basic Local Assistance Entitlement, Part B, Sec 611	84.027	13379	669,467
IDEA Mental Health Average Daily Attendance (ADA) Allocation, Part B, Sec 611	84.027A	15197	39,964
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	24,380
Subtotal Special Education Cluster			<u>733,811</u>
COVID-19 Emergency Acts Funding/Education Stabilization Fund Discretionary Grants:			
Governor's Emergency Education Relief (GEER) Fund	84.425C	15517	162,844
Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	15536	148,980
Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	184,567
Subtotal Education Stabilization Fund Discretionary Grants			<u>496,391</u>
<b>Total U. S. Department of Education</b>			<u>1,421,933</u>
<b>U. S. DEPARTMENT OF AGRICULTURE:</b>			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding/Extending Summer Food Service Program and SSO:			
Child Nutrition Cluster [1]			
School Breakfast Program - Basic	10.553	13525	271,077
School Breakfast Program - Needy	10.553	13526	2,737
National School Lunch Program	10.555	13391	544,695
USDA Commodities [2]	10.555	*	56,438
Subtotal Child Nutrition Cluster			<u>874,947</u>
<b>Total U. S. Department of Agriculture</b>			<u>874,947</u>
<b>U. S. DEPARTMENT OF THE TREASURY:</b>			
<i>Passed through California Department of Education:</i>			
COVID-19 Emergency Acts Funding:			
Coronavirus Relief Fund (CRF): Learning Loss Mitigation [1]	21.019	25516	1,027,384
<b>Total U. S. Department of the Treasury</b>			<u>1,027,384</u>
<b>Total Federal Expenditures</b>			<u>\$ 3,324,264</u>

[1] - Major Program

[2] - In-Kind Contribution

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

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF INSTRUCTIONAL TIME  
FOR THE YEAR ENDED JUNE 30, 2021**

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<b>Grade Level</b>	<b>2020-21 Number of Days</b>	<b>Status</b>
Kindergarten	180	Complied
Grade 1	180	Complied
Grade 2	180	Complied
Grade 3	180	Complied
Grade 4	180	Complied
Grade 5	180	Complied
Grade 6	180	Complied
Grade 7	180	Complied
Grade 8	180	Complied



**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
SCHEDULE OF FINANCIAL TRENDS AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2021**

	2022 (Budget)	2021	2020	2019
General Fund - Budgetary Basis**				
Revenues And Other Financing Sources	\$ 39,499,232	\$ 42,684,662	\$ 37,954,775	\$ 39,667,250
Expenditures And Other Financing Uses	40,466,857	39,075,612	37,958,840	39,892,976
Net change in Fund Balance	<u>\$ (967,625)</u>	<u>\$ 3,609,050</u>	<u>\$ (4,065)</u>	<u>\$ (225,726)</u>
Ending Fund Balance	<u>\$ 6,990,441</u>	<u>\$ 7,958,066</u>	<u>\$ 6,180,138</u>	<u>\$ 6,184,203</u>
Available Reserves*	<u>\$ 6,107,617</u>	<u>\$ 6,932,106</u>	<u>\$ 5,182,287</u>	<u>\$ 5,612,243</u>
Available Reserves As A Percentage Of Outgo	<u>15.09%</u>	<u>17.74%</u>	<u>13.65%</u>	<u>14.07%</u>
Long-term Liabilities	<u>\$ 115,619,577</u>	<u>\$ 119,517,808</u>	<u>\$ 98,303,184</u>	<u>\$ 101,072,524</u>
Average Daily Attendance At P-2***	<u>3,260</u>	<u>3,444</u>	<u>3,444</u>	<u>3,388</u>

The General Fund ending fund balance has increased by \$1,773,863 over the past two years. The fiscal year 2021-22 budget projects a decrease of \$967,625. For a District this size, the State recommends available reserves of at least 3% of General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating deficits in two of the past three years and anticipates incurring an operating deficit during the 2021-22 fiscal year. Total long-term obligations have increased by \$18,445,284 over the past two years.

Average daily attendance has increased by 56 ADA over the past two years. A decrease of 184 ADA is anticipated during the 2021-22 fiscal year.

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

\*\*The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Special Reserve Fund for Other Than Capital Outlay Projects, in accordance with the fund type definitions promulgated by GASB Statement No. 54. In addition, adjustments to on-behalf payments and ELO grant revenue are not reflected in the schedule above.

\*\*\*Due to the COVID-19 pandemic, Average Daily Attendance at P-2 was not reported in 2021. Funding was based on Average Daily Attendance at P-2 as reported in 2020.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
RECONCILIATION OF ANNUAL FINANCIAL AND BUDGET REPORT WITH AUDITED FINANCIAL  
STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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	<b>General Fund</b>	<b>Special Reserve Fund for Other Than Capital Outlay Projects</b>
June 30, 2021, annual financial and budget report fund balance	\$ 7,958,066	\$ 1,774,899
Adjustments and reclassifications:		
Increase (decrease) in total fund balances:		
Expanded Learning Opportunities (ELO) grant adjustment	(900,943)	-
Fund balance transfer (GASB 54)	1,774,899	(1,774,899)
Net adjustments and reclassifications	873,956	(1,774,899)
June 30, 2021, audited financial statement fund balance	<u>\$ 8,832,022</u>	<u>\$ -</u>

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT**  
**COMBINING BALANCE SHEET**  
**JUNE 30, 2021**

	<b>Cafeteria Fund</b>	<b>Capital Facilities Fund</b>	<b>Special Reserve Fund for Capital Outlay Projects</b>	<b>Non-Major Governmental Funds</b>
<b>ASSETS</b>				
Cash and investments	\$ 3,100	\$ 2,755,613	\$ 394,370	\$ 3,153,083
Accounts receivable	219,152	-	-	219,152
Stores inventory	14,917	-	-	14,917
<b>Total Assets</b>	<b>\$ 237,169</b>	<b>\$ 2,755,613</b>	<b>\$ 394,370</b>	<b>\$ 3,387,152</b>
<b>LIABILITIES</b>				
Deficit cash	\$ 28,812	\$ -	\$ -	\$ 28,812
Accrued liabilities	83	-	1,480	1,563
Unearned revenue	76,157	-	-	76,157
<b>Total Liabilities</b>	<b>105,052</b>	<b>-</b>	<b>1,480</b>	<b>106,532</b>
<b>FUND BALANCES</b>				
Non-spendable	14,917	-	-	14,917
Restricted	117,200	2,755,613	392,890	3,265,703
<b>Total Fund Balances</b>	<b>132,117</b>	<b>2,755,613</b>	<b>392,890</b>	<b>3,280,620</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 237,169</b>	<b>\$ 2,755,613</b>	<b>\$ 394,370</b>	<b>\$ 3,387,152</b>

See accompanying note to supplementary information.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2021**

	Cafeteria Fund	Capital Facilities Fund	Special Reserve Fund for Capital Outlay Projects	Non-Major Governmental Funds
<b>REVENUES</b>				
Federal sources	\$ 874,947	\$ -	\$ -	\$ 874,947
Other state sources	72,584	-	-	72,584
Other local sources	2,956	1,133,020	2,036	1,138,012
<b>Total Revenues</b>	<b>950,487</b>	<b>1,133,020</b>	<b>2,036</b>	<b>2,085,543</b>
<b>EXPENDITURES</b>				
Current				
Pupil services				
Food services	849,986	-	-	849,986
Plant services	-	-	41,159	41,159
Facilities acquisition and maintenance	-	1,998,735	11,993	2,010,728
<b>Total Expenditures</b>	<b>849,986</b>	<b>1,998,735</b>	<b>53,152</b>	<b>2,901,873</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>100,501</b>	<b>(865,715)</b>	<b>(51,116)</b>	<b>(816,330)</b>
<b>Fund Balance - Beginning</b>	<b>31,616</b>	<b>3,621,328</b>	<b>444,006</b>	<b>4,096,950</b>
<b>Fund Balance - Ending</b>	<b>\$ 132,117</b>	<b>\$ 2,755,613</b>	<b>\$ 392,890</b>	<b>\$ 3,280,620</b>

See accompanying note to supplementary information.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
LOCAL EDUCATION AGENCY ORGANIZATION STRUCTURE  
JUNE 30, 2021**

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The Walnut Creek School District was established on November 1, 1860 and consists of an area comprising approximately 25 square miles. The District operates five elementary schools and one intermediate school. There were no boundary changes during the year.

**GOVERNING BOARD**

<b>Member</b>	<b>Office</b>	<b>Term Expires</b>
Heidi Hernandez Gatty	President	December 2022
Nithin Lyengar	Clerk	December 2022
Elizabeth Bettis	Member	December 2024
Aimee Moss	Member	December 2022
Zetta Reicker	Member	December 2024

**DISTRICT ADMINISTRATORS**

Marie Morgan  
*Superintendent*

Vincent Morales  
*Chief Business Official*

Jan Rogenski  
*Assistant Superintendent of Education Services*

Amy Espinoza  
*Director of Special Services*

Ruben Fernandez  
*Director of Innovation and Technology*

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
NOTES TO SUPPLEMENTARY INFORMATION  
JUNE 30, 2021**

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**NOTE 1 – PURPOSE OF SCHEDULES**

**Schedule of Expenditures of Federal Awards**

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

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

**Schedule of Instructional Time**

This schedule presents information on the amount of instructional time offered by the District and whether the District complied with article 8 (commencing with section 46200) of chapter 2 of part 26 of the *Education Code*.

**Schedule of Financial Trends and Analysis**

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

**Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

**Combining Statements – Non-Major Funds**

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

**Local Education Agency Organization Structure**

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

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## **OTHER INDEPENDENT AUDITORS' REPORTS**

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

Independent Auditors' Report

Governing Board  
Walnut Creek Elementary School District  
Walnut Creek, 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 Walnut Creek Elementary School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Walnut Creek Elementary School District's basic financial statements, and have issued our report thereon dated January 18, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Walnut Creek Elementary 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 Walnut Creek Elementary School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Walnut Creek Elementary 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Walnut Creek Elementary 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 statement. 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.

*Christy White, Inc.*

San Diego, California  
January 18, 2022

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

Governing Board  
Walnut Creek Elementary School District  
Walnut Creek, California

**Report on Compliance for Each Major Federal Program**

We have audited Walnut Creek Elementary 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 Walnut Creek Elementary School District's major federal programs for the year ended June 30, 2021. Walnut Creek Elementary School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

***Opinion on Each Major Federal Program***

In our opinion, Walnut Creek Elementary 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.

## Report on Internal Control Over Compliance

Management of Walnut Creek Elementary 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 Walnut Creek Elementary 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 Walnut Creek Elementary School District's internal control over compliance.

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

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

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

*Christy White, Inc.*

San Diego, California  
January 18, 2022

**REPORT ON STATE COMPLIANCE**Independent Auditors' Report

Governing Board  
Walnut Creek Elementary School District  
Walnut Creek, California

**Report on State Compliance**

We have audited Walnut Creek Elementary School District's compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810, that could have a direct and material effect on each of Walnut Creek Elementary School District's state programs for the fiscal year ended June 30, 2021, as identified below.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of Walnut Creek Elementary School District's state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, prescribed by Title 5, *California Code of Regulations*, section 19810 as regulations. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the state programs noted below occurred. An audit includes examining, on a test basis, evidence about Walnut Creek Elementary School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on State Compliance***

In our opinion, Walnut Creek Elementary School District complied, in all material respects, with the types of compliance requirements referred to above that are applicable to the state programs noted in the table below for the year ended June 30, 2021.

### ***Procedures Performed***

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

<b>PROGRAM NAME</b>	<b>PROCEDURES PERFORMED</b>
<b>Local Education Agencies Other Than Charter Schools</b>	
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	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
<b>School Districts, County Offices of Education, and Charter Schools</b>	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
<b>Charter Schools</b>	
Independent Study-Course Based; for charter schools	Not Applicable
Attendance; for charter schools	Not Applicable
Mode of Instruction; for charter schools	Not Applicable
Nonclassroom-Based Instruction/Independent Study; for charter schools	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction; for charter schools	Not Applicable
Charter School Facility Grant Program	Not Applicable

*Christy White, Inc.*

San Diego, California  
January 18, 2022

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## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

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**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
SUMMARY OF AUDITORS' RESULTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**FINANCIAL STATEMENTS**

Type of auditors' report issued:	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Non-compliance material to financial statements noted?	<u>No</u>

**FEDERAL AWARDS**

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

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>21.019</u>	<u>CRF: Learning Loss Mitigation</u>
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>No</u>

**STATE AWARDS**

Internal control over state programs:	
Material weaknesses identified?	<u>No</u>
Significant deficiency(ies) identified?	<u>None Reported</u>
Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
FINANCIAL STATEMENT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**FIVE DIGIT CODE**

20000  
30000

**AB 3627 FINDING TYPE**

Inventory of Equipment  
Internal Control

There were no financial statement findings for the year ended June 30, 2021.



**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**FIVE DIGIT CODE**

50000

**AB 3627 FINDING TYPE**

Federal Compliance

There were no federal award findings or questioned costs for the year ended June 30, 2021.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
STATE AWARD FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**FIVE DIGIT CODE**

10000  
40000  
42000  
43000  
60000  
61000  
62000  
70000  
71000  
72000

**AB 3627 FINDING TYPE**

Attendance  
State Compliance  
Charter School Facilities Programs  
Apprenticeship: Related and Supplemental Instruction  
Miscellaneous  
Classroom Teacher Salaries  
Local Control Accountability Plan  
Instructional Materials  
Teacher Misassignments  
School Accountability Report Card

There were no state award findings or questioned costs for the year ended June 30, 2021.

**WALNUT CREEK ELEMENTARY SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

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**FINDING #2020-001: RESTATEMENT AND MATERIAL AUDIT ADJUSTMENTS (30000) (MATERIAL WEAKNESS)**

**Criteria:** The District is required to provide accurate GAAP basis financial data for the preparation of the annual financial statements. Additionally, a good system of internal accounting control contemplates an adequate system for recording, processing and reconciling account balances to the financial statements.

**Condition:** We identified material misstatements in the District's financial statements causing us to propose audit adjustments as noted on page 77 and beginning balance restatement as noted on page 63 of this report.

**Cause:** Certain adjustments were overlooked in the closing process and reconciliations of significant account balances were not complete for all financial statement area at the end of the year.

**Effect:** Management has posted the correcting journal entries for the items noted above.

**Recommendation:** We recommend management perform reviews during the closing process to ensure all transactions near the end and subsequent to the fiscal year ended are properly accrued in accordance with GAAP.

**Corrective Action Plan:** The District incorrectly accrued the 2020-21 Learning Loss Mitigation Funds in 2019-20. The instruction from CDE to not recognize the revenues until 2020-21 were overlooked by the Business Department. Moving forward, the District will review all current CDE memo's before processing year-end journal entries.

Bond projects: two 2018-19 invoices totaling \$150,007 were submitted by the vendor after 2018-19 year-end processes have been completed. This resulted in 2018-19 expenditures realized in 2019-20. Moving forward, the District will remind vendors to submit invoices on time. The District will also review unliquidated purchase orders during the year-end closing process.

**Current Status:** Implemented.