

**MT. DIABLO UNIFIED SCHOOL DISTRICT
CONTRA COSTA COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2024**

NIGRO & NIGRO^{PC}

MT. DIABLO UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2024
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MT. DIABLO UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2024

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INDEPENDENT AUDITORS' REPORT

Governing Board
Mt. Diablo Unified School District
Concord, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mt. Diablo Unified School District, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Mt. Diablo Unified School District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. Such information 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. The information, except for the Schedule of Charter Schools, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and other supplementary information listed in the table of contents, except for the Schedule of Charter Schools, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

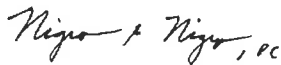
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the LEA Organization Structure but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to the materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2024 on our consideration of the 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 the 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 the District's internal control over financial reporting and compliance.



Murrieta, California
December 12, 2024

MT. DIABLO UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

This discussion and analysis of Mt. Diablo Unified School District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status increased overall as a result of this year's operations. Net position of governmental activities increased by \$63.3 million, or 58.0%.
- Governmental expenses were about \$505.1 million. Revenues were about \$568.4 million.
- The District acquired over \$48.0 million in new capital assets during the year.
- Governmental funds decreased by \$7.5 million, or 2.1%.

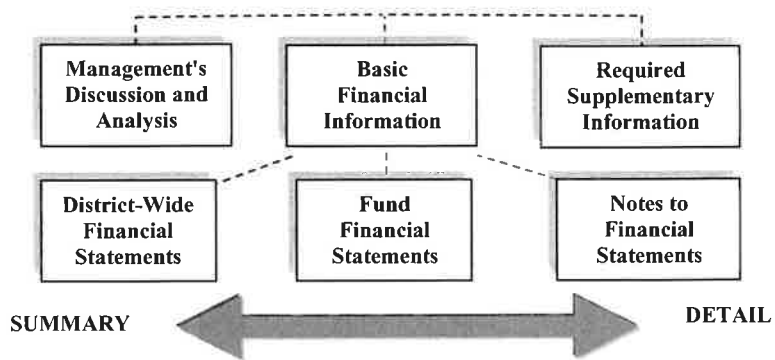
OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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



MT. DIABLO UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (continued)

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

District-Wide Statements

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

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

- Over time, increases and decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District, you need to consider additional nonfinancial factors such as changes in the District's demographics and the condition of school buildings and other facilities.
- In the District-wide financial statements, the District's activities are categorized as *Governmental Activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state aid finance most of these activities.

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (like repaying its long-term debt) or to show that is properly using certain revenues.

The District has two kinds of funds:

- 1) **Governmental funds** – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information on a separate reconciliation page that explains the relationship (or differences) between them.
- 2) **Fiduciary funds** – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's fiduciary funds include CFD and Trust custodial funds. The accounting used for fiduciary funds is much like that used for proprietary funds.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2024, than it was the year before – increasing 58.0% to \$(45.8) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		
	2024	2023*	Net Change
Assets			
Current assets	\$ 405,415,044	\$ 419,111,862	\$ (13,696,818)
Capital assets	602,401,425	580,081,297	22,320,128
Total assets	<u>1,007,816,469</u>	<u>999,193,159</u>	<u>8,623,310</u>
Total Deferred outflows of resources	<u>133,799,406</u>	<u>116,050,155</u>	<u>17,749,251</u>
Liabilities			
Current liabilities	58,228,502	63,812,685	(5,584,183)
Long-term liabilities	995,214,505	987,984,842	7,229,663
Total liabilities	<u>1,053,443,007</u>	<u>1,051,797,527</u>	<u>1,645,480</u>
Total Deferred inflows of resources	<u>133,989,604</u>	<u>172,598,115</u>	<u>(38,608,511)</u>
Net position			
Net investment in capital assets	192,197,389	163,998,251	28,199,138
Restricted	155,941,913	171,574,507	(15,632,594)
Unrestricted	<u>(393,956,038)</u>	<u>(444,725,086)</u>	<u>50,769,048</u>
Total net position	<u>\$ (45,816,736)</u>	<u>\$ (109,152,328)</u>	<u>\$ 63,335,592</u>

* As restated

Changes in net position, governmental activities. The District's total revenues increased 3.2% to \$568.4 million (See Table A-2). The increase is due primarily to increased state funding as a result of ADA growth.

The total cost of all programs and services increased 2.2% to \$505.1 million. The District's expenses are predominantly related to educating and caring for students, 77.1%. The purely administrative activities of the District accounted for just 4.7% of total costs. A significant contributor to the increase in costs was increased salaries and benefits and increased pension expenses.

Table A-2: Statement of Activities

	Governmental Activities		
	2024	2023	Net Change
Revenues			
Program Revenues:			
Charges for services	\$ 2,496,180	\$ 7,458,075	\$ (4,961,895)
Operating grants and contributions	146,307,480	164,212,253	(17,904,773)
Capital grants and contributions	161,471	73,239	88,232
General Revenues:			
Property taxes	244,620,419	231,535,096	13,085,323
Federal and state aid not restricted	152,599,009	135,458,741	17,140,268
Other general revenues	<u>22,204,464</u>	<u>12,127,785</u>	<u>10,076,679</u>
Total Revenues	<u>568,389,023</u>	<u>550,865,189</u>	<u>17,523,834</u>
Expenses			
Instruction-related	328,898,539	323,147,833	5,750,706
Pupil services	60,586,401	57,655,129	2,931,272
Administration	23,673,497	24,238,459	(564,962)
Plant services	70,605,793	66,639,933	3,965,860
All other activities	<u>21,289,201</u>	<u>22,408,600</u>	<u>(1,119,399)</u>
Total Expenses	<u>505,053,431</u>	<u>494,089,954</u>	<u>10,963,477</u>
Increase (decrease) in net position	<u>\$ 63,335,592</u>	<u>\$ 56,775,235</u>	<u>\$ 6,560,357</u>
Total Net Position	<u>\$ (45,816,736)</u>	<u>\$ (109,152,328)</u>	

MT. DIABLO UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed this year, its governmental funds reported a combined fund balance of \$352.7 million, which is below last year's ending fund balance of \$360.3 million. The primary cause of the decreased fund balance is ongoing construction costs from Measures C and J bonds.

Table A-3: The District's Fund Balances

Fund	Fund Balances				
	July 1, 2023*	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2024
General Fund	\$ 196,241,064	\$ 503,301,061	\$ 481,269,856	\$ (5,055,727)	\$ 213,216,542
Student Activities Fund	710,408	838,886	812,577	-	736,717
Adult Education Fund	3,145,989	7,591,608	7,243,287	-	3,494,310
Cafeteria Fund	11,808,448	21,379,123	17,698,717	55,727	15,544,581
Deferred Maintenance Fund	2,204,536	-	3,809,084	5,000,000	3,395,452
Building Fund	75,918,794	3,577,529	33,387,924	-	46,108,399
Capital Facilities Fund	21,952,392	2,407,688	278,191	-	24,081,889
County School Facilities Fund	3,498,508	161,471	-	-	3,659,979
Capital Projects Fund for Blended Component Units	31,603	2,000,000	1,206,436	-	825,167
Bond Interest and Redemption Fund	44,746,381	44,846,091	47,930,257	-	41,662,215
Totals	\$ 360,258,123	\$ 586,103,457	\$ 593,636,329	\$ -	\$ 352,725,251

* As restated

General Fund Budgetary Highlights

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

- Revenues – increased by \$54.4 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased \$1.3 million to reflect revised cost estimates.
- Other non-personnel expenses – increased \$68.4 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about \$16.1 million, the actual results for the year show that revenues exceeded expenditures by roughly \$22.0 million. Actual revenues were \$5.3 million less than anticipated, and expenditures were \$43.4 million less than budgeted.

That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2024, that will be carried over into the 2024-25 budget.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2023-24 the District had acquired \$48.0 million in new capital assets, related to land, construction in progress, site improvements, and equipment purchases. (More detailed information about capital assets can be found in Note 6 to the financial statements). Total depreciation expense for the year was \$24.7 million and amortization was \$0.9 million.

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

	Governmental Activities		
	2024	2023*	Net Change
Land	\$ 14,436,462	\$ 14,436,462	\$ -
Buildings and improvements	453,735,674	464,150,639	(10,414,965)
Equipment	16,938,193	6,232,657	10,705,536
Construction in progress	113,596,326	90,643,038	22,953,288
Lease assets	3,694,770	4,618,501	(923,731)
Total	<u>\$ 602,401,425</u>	<u>\$ 580,081,297</u>	<u>\$ 22,320,128</u>

* As restated

Long-Term Debt

At year-end the District had \$995.2 million in long-term liabilities – an increase of 0.7% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 7-9 to the financial statements).

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

	Governmental Activities		
	2024	2023*	Net Change
General obligation bonds	\$ 444,445,299	\$ 477,354,796	\$ (32,909,497)
Certificates of participation	9,823,509	12,533,496	(2,709,987)
Construction loan	2,946,435	3,104,580	(158,145)
Lease liabilities	3,768,024	4,648,223	(880,199)
Supplemental employee retirement plan	1,733,320	3,466,640	(1,733,320)
Compensated absences	4,627,282	5,331,065	(703,783)
Other postemployment benefits	205,414,594	199,482,514	5,932,080
Net pension liability	322,456,042	282,063,528	40,392,514
Total	<u>\$ 995,214,505</u>	<u>\$ 987,984,842</u>	<u>\$ 7,229,663</u>

* As restated

MT. DIABLO UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget

The Legislature passed an initial budget on June 15, 2024. The main structural difference between the legislative package and the May Revision was that the legislative package started the proposed limitation on NOLs and tax credits one year earlier—resulting in roughly \$5 billion in additional revenue. The Legislature's budget used that additional budget capacity to reject some of the Governor's spending solutions and/or provide other augmentations. The legislative package also included a large number of other smaller changes across a variety of programs. The legislative package used slightly more (nearly \$1 billion) in general purpose reserves than the May Revision.

K-14 Education

Funds Modest COLA and a Few Smaller Augmentations

For 2024-25, the budget provides \$1 billion to cover a 1.07 percent COLA for existing school and community college programs. For schools, the budget also provides an increase of \$300 million (\$179 million ongoing and \$121 million one time) to cover cost increases related to universal school meals. A small portion of the budget's remaining funds are allocated to cover enrollment- and caseload-driven increases in a few specific areas.

Implements Small Payment Deferral

The budget reduces spending in 2024-25 by deferring \$487 million in payments to 2025-26. Of this deferral, half applies to schools and half applies to community colleges. The state will implement the deferral by delaying a portion of the payment districts ordinarily would receive in June 2025 to July 2025. The law allows school districts to be exempt from this deferral (meaning they would receive all of their funding on time) if they can show the delay would cause fiscal insolvency. The purpose of the deferral is to reduce spending in 2024-25 to the minimum level required by Proposition 98.

Suspends Proposition 98 Requirement and Reduces Spending

For 2023-24, the budget invokes a provision allowing the state to suspend the minimum Proposition 98 requirement and reduce spending on schools and community colleges by \$8.3 billion relative to the level otherwise required that year. Separate from this action, the budget makes a \$2.6 billion reduction attributable to 2022-23. Both of these reductions lower the Proposition 98 requirement on an ongoing basis. The combined effect of these reductions is to reduce General Fund spending by \$12.7 billion over the 2022-23 through 2024-25 period. As required by the State Constitution, the budget also withdraws the entire balance from the Proposition 98 Reserve (\$8.4 billion) in 2023-24 to supplement the funding provided to schools and community colleges. In 2024-25, the budget begins to build back the Proposition 98 Reserve by making a discretionary deposit of nearly \$1.1 billion.

Bond Funds

The state is seeking approval of two bond measures on the November 2024 ballot: Proposition 2 and Proposition 4. Proposition 2 would allow the state to borrow \$10 billion to build new facilities and renovate existing facilities at school districts and community colleges. The cost to repay this bond would be about \$500 million each year for 35 years. Proposition 4 would allow the state to borrow \$10 billion to pay for various natural resources and climate activities. The cost to repay this bond would be about \$400 million each year for 40 years. The cost to repay both bonds would total about \$900 million each year.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended June 30, 2024

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Scores Savings Related to Attendance and a Few Other Adjustments

In response to significant declines in attendance over the past several years, the state adopted a series of policies temporarily funding school districts based on the attendance they reported prior to the COVID-19 pandemic. For 2024-25, the budget assumes savings of \$1.8 billion as these higher pre-pandemic attendance levels phase out of district funding calculations. In addition, the budget obtains \$1.2 billion in savings by (1) deferring some payments from 2024-25 to 2025-26, (2) reducing funding for State Preschool that is expected to go unused, and (3) repurposing certain unspent appropriations from previous years. Under the Constitution, the state must dedicate all of these savings to other school and community college purposes.

All of these factors were considered in preparing the Mt. Diablo Unified School District budget for the 2024-25 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Adrian Vargas, Chief Business Officer at (925) 682-8000, or 1936 Carlotta Drive, Concord, California 94519.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2024

	<u>Governmental Activities</u>
ASSETS	
Deposits and investments	\$ 368,503,190
Accounts receivable	33,504,918
Prepaid expenses	87,280
Inventories	1,064,267
Lease receivables	2,255,389
Capital assets:	
Non-depreciable capital assets	128,032,788
Depreciable capital assets	931,259,648
Less accumulated depreciation	(460,585,781)
Lease assets:	5,157,369
Less accumulated amortization	(1,462,599)
Total assets	<u>1,007,816,469</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	4,670,832
Deferred outflows related to OPEB	5,542,336
Deferred outflows related to pensions	123,586,238
Total deferred outflows of resources	<u>133,799,406</u>
LIABILITIES	
Accounts payable	44,020,570
Accrued interest payable	7,752,343
Unearned revenue	6,455,589
Noncurrent liabilities:	
Due or payable within one year	39,685,001
Due in more than one year:	
Other than OPEB and pensions	427,658,868
Total OPEB liability	205,414,594
Net pension liability	322,456,042
Total liabilities	<u>1,053,443,007</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to leases	2,213,634
Deferred inflows related to OPEB	41,353,897
Deferred inflows related to pensions	90,422,073
Total deferred inflows of resources	<u>133,989,604</u>
NET POSITION	
Net investment in capital assets	192,197,389
Restricted for:	
Capital projects	16,459,872
Debt service	41,662,215
Student activities	736,717
Categorical programs	97,083,109
Unrestricted	(393,956,038)
Total net position	<u>\$ (45,816,736)</u>

The notes to financial statements are an integral part of this statement.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net Revenue (Expense) and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 275,579,438	\$ 520,880	\$ 77,011,733	\$ 161,471	\$ (197,885,354)
Instruction-Related Services:					
Supervision of instruction	17,748,946	61,951	8,192,088	-	(9,494,907)
Instructional library, media and technology	3,115,855	4,363	190,523	-	(2,920,969)
School site administration	32,454,300	8,082	2,973,276	-	(29,472,942)
Pupil Support Services:					
Home-to-school transportation	12,046,101	310	469,638	-	(11,576,153)
Food services	17,609,834	(44,091)	21,203,206	-	3,549,281
All other pupil services	30,930,466	185,847	12,811,152	-	(17,933,467)
General Administration Services:					
Data processing services	7,035,482	1,070	2,248,590	-	(4,785,822)
Other general administration	16,638,015	30,533	5,258,808	-	(11,348,674)
Plant services	70,605,793	1,031,239	14,325,849	-	(55,248,705)
Ancillary services	3,169,726	683,446	1,233,629	-	(1,252,651)
Community services	379	9	262	-	(108)
Interest on long-term debt	16,188,922	-	-	-	(16,188,922)
Other outgo	1,006,443	12,541	388,726	-	(605,176)
Amortization (unallocated)	923,731	-	-	-	(923,731)
Total Governmental Activities	\$ 505,053,431	\$ 2,496,180	\$ 146,307,480	\$ 161,471	(356,088,300)
General Revenues:					
Property taxes					244,620,419
Federal and state aid not restricted to specific purpose					152,599,009
Interest and investment earnings					13,068,714
Transfers					4,846,655
Miscellaneous					<u>4,289,095</u>
Subtotal general revenues					<u>419,423,892</u>
Change in net position					<u>63,335,592</u>
Net position - July 1, 2023, as originally reported					(122,754,240)
Adjustments for restatements (Note 13)					<u>13,601,912</u>
Net position - July 1, 2023, as restated					<u>(109,152,328)</u>
Net position - June 30, 2024					<u>\$ (45,816,736)</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT
Balance Sheet – Governmental Funds
June 30, 2024

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	\$ 223,931,969	\$ 58,197,473	\$ 41,662,215	\$ 44,711,533	\$ 368,503,190
Accounts receivable	29,741,135	-	-	3,763,783	33,504,918
Stores inventories	637,670	-	-	426,597	1,064,267
Prepaid expenditures	87,280	-	-	-	87,280
Lease receivables	2,255,389	-	-	-	2,255,389
Total Assets	<u>\$ 256,653,443</u>	<u>\$ 58,197,473</u>	<u>\$ 41,662,215</u>	<u>\$ 48,901,913</u>	<u>\$ 405,415,044</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 31,396,907	\$ 12,089,074	\$ -	\$ 534,589	\$ 44,020,570
Unearned revenue	6,430,908	-	-	24,681	6,455,589
Total Liabilities	<u>37,827,815</u>	<u>12,089,074</u>	<u>-</u>	<u>559,270</u>	<u>50,476,159</u>
Deferred Inflows of Resources					
Deferred inflows related to leases	<u>2,213,634</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,213,634</u>
Fund Balances					
Nonspendable	1,029,720	-	-	426,597	1,456,317
Restricted	81,244,791	46,108,399	41,662,215	32,608,310	201,623,715
Committed	101,364,113	-	-	-	101,364,113
Assigned	3,859,715	-	-	15,307,736	19,167,451
Unassigned	29,113,655	-	-	-	29,113,655
Total Fund Balances	<u>216,611,994</u>	<u>46,108,399</u>	<u>41,662,215</u>	<u>48,342,643</u>	<u>352,725,251</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 256,653,443</u>	<u>\$ 58,197,473</u>	<u>\$ 41,662,215</u>	<u>\$ 48,901,913</u>	<u>\$ 405,415,044</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT

*Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024*

Total fund balances - governmental funds \$ 352,725,251

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

Capital assets, at historical cost:	1,059,292,436	
Accumulated depreciation:	(460,585,781)	
Lease assets, at historical cost:	5,157,369	
Accumulated amortization:	<u>(1,462,599)</u>	
Net:		602,401,425

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 unmatured interest owing at the end of the period was: (7,752,343)

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow. The remaining deferred amounts on refunding at the end of the period were: 4,670,832

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:

General obligation bonds payable	444,445,299	
Certificates of participation payable	9,823,509	
Construction loan payable	2,946,435	
Lease liabilities	3,768,024	
Compensated absences payable	4,627,282	
Supplemental employee retirement plan	1,733,320	
Other postemployment benefits	205,414,594	
Net pension liability	<u>322,456,042</u>	
Total		(995,214,505)

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 and inflows relating to OPEB for the period were:

Deferred outflows of resources	5,542,336	
Deferred inflows of resources	<u>(41,353,897)</u>	
Total		(35,811,561)

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 inflows and outflows relating to pensions for the period were:

Deferred outflows of resources	123,586,238	
Deferred inflows of resources	<u>(90,422,073)</u>	
Total		<u>33,164,165</u>

Total net position - governmental activities \$ (45,816,736)

MT. DIABLO UNIFIED SCHOOL DISTRICT

*Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2024*

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	\$ 338,666,477	\$ -	\$ -	\$ -	\$ 338,666,477
Federal sources	47,446,034	-	407,836	11,975,525	59,829,395
Other state sources	86,285,225	-	199,418	14,627,589	101,112,232
Other local sources	30,903,325	3,577,529	44,238,837	7,775,662	86,495,353
Total Revenues	503,301,061	3,577,529	44,846,091	34,378,776	586,103,457
EXPENDITURES					
Current:					
Instruction	297,349,935	-	-	3,865,662	301,215,597
Instruction-Related Services:					
Supervision of instruction	19,428,561	-	-	517,514	19,946,075
Instructional library, media and technology	3,022,564	-	-	146,949	3,169,513
School site administration	31,621,857	-	-	2,416,533	34,038,390
Pupil Support Services:					
Home-to-school transportation	13,171,099	-	-	-	13,171,099
Food services	1,398,535	-	-	17,183,198	18,581,733
All other pupil services	32,796,578	-	-	-	32,796,578
Ancillary services	2,400,676	-	-	812,577	3,213,253
Community services	379	-	-	-	379
General Administration Services:					
Data processing services	7,760,576	-	-	-	7,760,576
Other general administration	18,884,302	-	-	83,165	18,967,467
Transfers of indirect costs	(808,603)	-	-	808,603	-
Plant services	47,902,228	9,750	-	40,820	47,952,798
Capital outlay	5,304,274	33,378,174	-	1,206,042	39,888,490
Intergovernmental transfers	1,006,443	-	-	-	1,006,443
Debt service:					
Principal	3,215,199	-	29,520,000	158,145	32,893,344
Interest	624,337	-	18,410,257	-	19,034,594
Total Expenditures	485,078,940	33,387,924	47,930,257	27,239,208	593,636,329
Excess (Deficiency) of Revenues Over (Under) Expenditures	18,222,121	(29,810,395)	(3,084,166)	7,139,568	(7,532,872)
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	-	-	-	55,727	55,727
Interfund transfers out	(55,727)	-	-	-	(55,727)
Total Other Financing Sources and Uses	(55,727)	-	-	55,727	-
Net Change in Fund Balances	18,166,394	(29,810,395)	(3,084,166)	7,195,295	(7,532,872)
Fund Balances, July 1, 2023, as originally reported	184,813,966	75,918,794	44,746,381	41,147,348	346,626,489
Adjustments for restatements (Note 13)	13,631,634	-	-	-	13,631,634
Fund Balances, July 1, 2023, as restated	198,445,600	75,918,794	44,746,381	41,147,348	360,258,123
Fund Balances, June 30, 2024	\$ 216,611,994	\$ 46,108,399	\$ 41,662,215	\$ 48,342,643	\$ 352,725,251

MT. DIABLO UNIFIED SCHOOL DISTRICT

*Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities
For the Fiscal Year Ended June 30, 2024*

Total net change in fund balances - governmental funds \$ (7,532,872)

Amounts reported for governmental *activities* in the statement of activities are different because:

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

Expenditures for capital outlay	47,985,153	
Depreciation expense	(24,741,294)	
Amortization expense	<u>(923,731)</u>	
		22,320,128

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 a reduction of liabilities. Expenditures for repayment of the principal portion of long-term debt were:

32,893,344

Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In governmental funds these charges are recognized as an expenditure. However, in the statement of activities these amounts are amortized over the shorter of the life of the refunded bonds or the refunding bonds. The difference between current year amounts and the current year amortization was:

(942,086)

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 premiums or discount for the period was:

3,764,484

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 that 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:

23,273

In the statement of activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

703,783

In the government-wide statements, expenses must be accrued in connection with any liabilities incurred during the period that are not expected to be liquidated with current financial resources, supplemental employee retirement plans. This year, expenses incurred for such obligations were:

1,733,320

In government funds, pension costs are recognized when employer contributions are made. In the statement of activities, pension costs are recognized on the accrual basis. This year, the difference between accrual-basis pension costs and actual employer contributions was:

19,504,324

In government funds, OPEB costs are recognized when employer contributions are made. In the statement of activities, OPEB costs are recognized on the accrual basis. This year, the difference between accrual-basis OPEB costs and actual employer contributions was:

(9,132,106)

Change in net position of governmental activities \$ 63,335,592

MT. DIABLO UNIFIED SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2024

	<u>Custodial Fund</u>	<u>Trust Fund</u>
	Debt Service	
	Funds for Special	Private-Purpose
	Tax Bonds	Trust Fund
	<u> </u>	<u> </u>
ASSETS		
Deposits and investments	\$ 7,522,961	\$ 63,693
	<u> </u>	<u> </u>
NET POSITION		
Restricted for:		
CFD debt service	7,522,961	-
Individuals and organizations	-	63,693
	<u> </u>	<u> </u>
Total Net Position	<u>\$ 7,522,961</u>	<u>\$ 63,693</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
June 30, 2024

	<u>Custodial Fund</u>	<u>Trust Fund</u>
	Debt Service Funds for Special Tax Bonds	Private-Purpose Trust Fund
ADDITIONS		
Local property taxes	\$ 6,589,552	\$ -
Interest and investment earnings	244,321	2,810
Total Additions	<u>6,833,873</u>	<u>2,810</u>
DEDUCTIONS		
Debt service - interest	121,375	-
Debt service - principal	1,545,000	-
All other transfers out	4,846,655	-
Total Deductions	<u>6,513,030</u>	<u>-</u>
Change in fiduciary net position	320,843	2,810
Net position - July 1, 2023	<u>7,202,118</u>	<u>60,883</u>
Net position - June 30, 2024	<u>\$ 7,522,961</u>	<u>\$ 63,693</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District accounts for its financial transactions in accordance with the policies and procedures of the California Department of Education's *California School Accounting Manual*. The accounting policies of the District conform to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

The following is a summary of the more significant policies:

A. Reporting Entity

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 of the District.

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

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

B. Basis of Presentation, Basis of Accounting

1. Basis of Presentation

District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District) and its component units. These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The Statement of Activities presents a comparison between direct expenses and program revenues 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. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Fund Financial Statements

The fund financial statements provide information about the District's funds, including its fiduciary funds (and blended component units). Separate statements for each fund category - *governmental* and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

Major Governmental Funds

The District maintains the following major governmental funds:

General Fund: This is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund. The District also maintains a Deferred Maintenance Fund. This fund does not meet the definition of a special revenue fund as it is not primarily composed of restricted or committed revenue sources. Because the fund does not meet the definition of a special revenue fund under GASB 54, the activity in the fund is being reported within the 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.

Bond Interest and Redemption Fund: This fund is used for the repayment of bonds issued for the District (*Education Code* Sections 15125-15262).

Non-Major Governmental Funds

The District maintains the following non-major governmental funds:

Special Revenue Funds: Special revenue funds are established to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to the financing of particular activities, that compose a substantial portion of the inflows of the fund, and that are reasonably expected to continue. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

Student Activity Fund: The District maintains a separate fund for each school that operates an ASB fund, whether it is organized or not.

Adult Education Fund: This fund is used to account separately for federal, state, and local revenues that are restricted or committed for adult education programs.

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 and 38093).

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

1. Basis of Presentation (continued)

Non-Major Governmental Funds (continued)

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

Capital Facilities Fund: This fund is used to primarily account separately for moneys received from fees levied on development projects as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.).

County School Facilities Fund: This fund is used primarily to account for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (*Education Code* Section 17070.10 et seq.).

Capital Projects Fund for Blended Component Units: This fund is used to account for capital projects financed by Mello-Roos Community Facilities Districts and similar entities that are considered blended component units of the District under generally accepted accounting principles (GAAP).

Fiduciary Funds

Fiduciary funds are used to account for assets held in a trustee or custodial capacity for others that cannot be used to support the District's own programs. The key distinction between trust and custodial funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District maintains the following fiduciary fund:

Debt Service Fund for Special Tax Bonds: This fund is used to account for the accumulation of resources for, and the repayment of, Community Facility District bonds, interest and related costs.

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

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting (continued)

2. Measurement Focus, Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resource or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

As a general rule the effect of interfund activity has been eliminated from the District-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the District's proprietary funds and various other functions of the District. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

3. Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on 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 that the resources will be collected within the current fiscal year. Generally, available is defined as collectible within 60 days. However, to achieve comparability of reporting among California 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 districts as collectible within one year. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, certain grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year in which the taxes are received. Revenue from certain grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include time and purpose requirements. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Data

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

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

D. Encumbrances

Encumbrance accounting is used in all budgeted funds to reserve portions of applicable appropriations for which commitments have been made. Encumbrances are recorded for purchase orders, contracts, and other commitments when they are written. Encumbrances are liquidated when the commitments are paid. All encumbrances are liquidated as of June 30.

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

1. Cash and Cash Equivalents

The District considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the Treasury Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Inventories

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

3. Capital Assets

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

4. 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 combined balance sheet and revenue is recognized.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position 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 Statement of Net Position 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 will not be recognized as an inflow of resources (revenue) until that time.

6. Compensated Absences

The liability for compensated absences reported in the District-wide statements consists of unpaid, accumulated vacation leave balances. The liability has been calculated using the vesting method, in which leave amounts for both employees who currently are eligible to receive termination payments and other employees who are expected to become eligible in the future to receive such payments upon termination are included.

7. Leases

Lessee:

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

If material, lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

7. Leases (continued)

Lessor:

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable. District management performed an analysis and determined that lease agreements did not have a material effect on the financial statements.

8. Subscription-Based Information Technology Arrangements

A SBITA is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets, as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which the District has a noncancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend or to terminate.

If material, the District recognizes a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. The District recognizes the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the District which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. The District recognizes amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. District management performed an analysis and determined that the implementation of this new standard did not have a material impact on the financial statements.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

9. Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and CalSTRS Medicare Premium Payment (MPP) Program 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, the Plans recognize benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

10. Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's California State Teachers Retirement System (CalSTRS) and California Public Employees' Retirement System (CalPERS) plans and addition to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. 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.

11. Fund Balances

The fund balance for Governmental Funds is reported in classifications based on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Nonspendable: Fund balance is reported as nonspendable when the resources cannot be spent because they are either in a nonspendable form or legally or contractually required to be maintained intact. Resources in nonspendable form include inventories and prepaid assets.

Restricted: Fund balance is reported as restricted when the constraints placed on the use of resources are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provision or by enabling legislation.

Committed: The District's highest decision-making level of authority rests with the District's Board. Fund balance is reported as committed when the Board passes a resolution that places specified constraints on how resources may be used. The Board can modify or rescind a commitment of resources through passage of a new resolution.

Assigned: Resources that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent may be expressed by either the Board, committees (such as budget or finance), or officials to which the Board has delegated authority.

Unassigned: Unassigned fund balance represents fund balance that has not been restricted, committed, or assigned and may be utilized by the District for any purpose. When expenditures are incurred, and both restricted and unrestricted resources are available, it is the District's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

12. Net Position

Net position is classified into three components: net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- **Net investment in capital assets** - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- **Restricted** - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** - This component of net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted".

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.

F. Minimum Fund Balance Policy

The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and unassigned fund balances. While GASB Code Sections 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Code Sections 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2023, the District has established a minimum fund balance policy requiring no less than 3% of General Fund expenditures and other financing uses. At June 30, 2024, the District has not established a stabilization arrangement.

G. Property Tax Calendar

The County is responsible for the assessment, collection, and apportionment of property taxes for all jurisdictions including the schools and special districts within the County. The Board of Supervisors levies property taxes as of September 1 on property values assessed on July 1. Secured property tax payments are due in two equal installments. The first is generally due November 1 and is delinquent with penalties on December 10, and the second is generally due on February 1 and is delinquent with penalties on April 10. Secured property taxes become a lien on the property on January 1.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Change in Accounting Principle

For the fiscal year ended June 30, 2024, the District implemented GASB Statement No. 100, *Accounting Changes and Error Corrections-an Amendment of GASB Statement No. 62*. This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net positions, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2024 are classified in the accompanying financial statements as follows:

Governmental funds/activities	\$	368,503,190
Fiduciary funds		<u>7,586,654</u>
Total deposits and investments	\$	<u>376,089,844</u>

Deposits and investments as of June 30, 2024 consist of the following:

Cash on hand and in banks	\$	839,567
Cash in revolving fund		304,770
Cash with fiscal agent		4,689,677
Investments		<u>370,255,830</u>
Total deposits and investments	\$	<u>376,089,844</u>

Pooled Funds

In accordance with Education Code Section 41001, the District maintains substantially all of its cash in the interest-bearing Contra Costa County Treasurer's Pooled Investment Fund. The District is considered to be an involuntary participant in an external investment pool. The fair value of the District's investment in the pool is reported in the financial statements at amounts based upon the District's pro-rata share of the fair value provided by the Contra Costa 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 Contra Costa County Treasurer, which is recorded on the amortized basis.

Local Agency Investment Fund

Mt. Diablo Unified School District places certain funds with the State of California's Local Agency Investment Fund (LAIF). The District is a voluntary participant in LAIF, which is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California and the Pooled Money Investment Board. The State Treasurer's Office pools these funds with those of other governmental agencies in the state and invests the cash. The amortized cost of the District's investment in the pool is reported in the accompanying financial statements based upon the District's pro-rata share of the amortized cost as provided by LAIF, as a percentage of the entire LAIF portfolio. The funds maintained in the pooled investments funds are not subject to categorization by risk category. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Funds may be withdrawn at any time up to the total amount on deposit with LAIF. Most withdrawals are accessible and transferable to the District's master account on the same day as the request, except for amounts greater than \$10,000,000, which require at least twenty-four hours' advance notice.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Local Agency Investment Fund (continued)

Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, and floating rate securities issued by Federal agencies, government-sponsored enterprises and corporations. LAIF is administered by the State Treasurer. Copies of the audit may be obtained from the State Treasurer's Office: 915 Capitol Mall, Sacramento, California 95814. The Pooled Money Investment Board has established policies, goals, and objectives to make certain that their goal of safety, liquidity and yield are not jeopardized.

Custodial Credit Risk – Deposits

Custodial credit risk 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. Cash balances held in banks are insured up to \$250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, 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 (unless so waived by the governmental unit).

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, 2024, \$471,112 of the District's bank balance was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agency, but not in the name of the District.

Investments - Interest Rate Risk

The District's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investment policy limits investment purchases to investments with a term not to exceed three years. Investments purchased with maturity terms greater than three years require approval by the Governing Board. Investments purchased with maturities greater than one year require written approval by the Superintendent or designee prior to commitment. Maturities of investments held at June 30, 2024, consist of the following:

Investment maturities:	Rating	Reported Amount	Maturity		Fair Value Measurement
			Less Than One Year	One Year Through Five Years	
Local Agency Investment Fund	N/A	\$ 3,907,474	\$ 3,907,474	\$ -	Uncategorized
Contra Costa County Investment Pool	N/A	<u>366,348,356</u>	<u>366,348,356</u>	<u>-</u>	Uncategorized
Total Investments		<u>\$ 370,255,830</u>	<u>\$ 370,255,830</u>	<u>\$ -</u>	

Investments - Credit Risk

The District's investment policy limits investment choices to obligations of local, state and federal agencies, commercial paper, certificates of deposit, repurchase agreements, corporate notes, banker acceptances, and other securities allowed by *State Government Code* Section 53600. At June 30, 2024, all investments represented governmental securities which were issued, registered and held by the District's agent in the District's name.

Investments - Concentration of Credit Risk

The District does not place limits on the amount it may invest in any one issuer. At June 30, 2024, the District had no investments, other than the County Investment Pool and Local Agency Investment Fund.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, 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 in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

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, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

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 date if reasonably 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 Treasury Investment Pool and Local Agency Investment Fund 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.

All assets have been valued using a market approach, with quoted market prices.

NOTE 3 –RECEIVABLES

A. Accounts receivable as of June 30, 2024, consisted of the following:

	Governmental Activities		
	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal Government:			
Categorical aid programs	\$ 21,745,213	\$ 2,247,839	\$ 23,993,052
State Government:			
LCFF sources	2,680,797	-	2,680,797
Lottery	1,834,936	-	1,834,936
Categorical aid programs	1,565,890	1,363,443	2,929,333
Local:			
Other local	1,914,299	152,501	2,066,800
Total	\$ 29,741,135	\$ 3,763,783	\$ 33,504,918

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 3 – RECEIVABLES (continued)

B. Lease Receivables

The District has lease agreements as the “lessor” to third parties under noncancellable lease agreements. The leases are for land use for cell towers, and two facilities use agreements for a private school and a charter school. The lease agreements expire through fiscal year 2042.

The District recognized \$603,036 in lease revenue and \$34,320 in interest revenue during the current fiscal year related to the leases. As of June 30, 2024, the District’s receivable for lease payments was \$2,255,389, calculated using various discount rates ranging between 0.20% and 3.22%. Also, the District has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease terms. As of June 30, 2024, the balance of the deferred inflow of resources was \$2,213,634.

NOTE 4 – INTERFUND TRANSACTIONS

Interfund Transfers In/Out

Interfund transfers in/out of other funds during the 2023-24 year consisted of the following:

General Fund transfer to the Cafeteria Fund for various food sales	<u>\$ 55,727</u>
Transfer from the Debt Service Fund to the Capital Projects Fund for Blended Component Units to close accounts	<u>\$ 2,000,000</u>

Because the Debt Service Fund for Blended Component Units is presented in these financial statements as a fiduciary fund, the transfers to and from that fund do not appear in the Governmental Funds financial statements.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 5 – FUND BALANCES

At June 30, 2024, fund balances of the District’s governmental funds were classified as follows:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	\$ 304,770	\$ -	\$ -	\$ -	\$ 304,770
Stores inventories	637,670	-	-	426,597	1,064,267
Prepaid expenditures	87,280	-	-	-	87,280
Total Nonspendable	<u>1,029,720</u>	<u>-</u>	<u>-</u>	<u>426,597</u>	<u>1,456,317</u>
Restricted:					
Categorical programs	81,244,791	-	-	293,737	81,538,528
Student body activities	-	-	-	736,717	736,717
Child nutrition program	-	-	-	15,117,984	15,117,984
Capital projects	-	46,108,399	-	16,459,872	62,568,271
Debt service	-	-	41,662,215	-	41,662,215
Total Restricted	<u>81,244,791</u>	<u>46,108,399</u>	<u>41,662,215</u>	<u>32,608,310</u>	<u>201,623,715</u>
Committed:					
LCAP supplemental carryover	17,675,330	-	-	-	17,675,330
Deficit spending	83,043,364	-	-	-	83,043,364
Other commitments	645,419	-	-	-	645,419
Total Committed	<u>101,364,113</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>101,364,113</u>
Assigned:					
Adult education programs	-	-	-	3,200,573	3,200,573
Capital outlay projects	-	-	-	12,107,163	12,107,163
Deferred maintenance program	3,395,452	-	-	-	3,395,452
Other assignments	464,263	-	-	-	464,263
Total Assigned	<u>3,859,715</u>	<u>-</u>	<u>-</u>	<u>15,307,736</u>	<u>19,167,451</u>
Unassigned:					
Reserve for economic uncertainties	29,113,655	-	-	-	29,113,655
Total Unassigned	<u>29,113,655</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,113,655</u>
Total	<u>\$ 216,611,994</u>	<u>\$ 46,108,399</u>	<u>\$ 41,662,215</u>	<u>\$ 48,342,643</u>	<u>\$ 352,725,251</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance, July 1, 2023*	Additions	Retirements	Balance, June 30, 2024
Capital assets not being depreciated:				
Land	\$ 14,436,462	\$ -	\$ -	\$ 14,436,462
Construction in progress	90,643,038	34,103,348	11,150,060	113,596,326
Total capital assets not being depreciated	<u>105,079,500</u>	<u>34,103,348</u>	<u>11,150,060</u>	<u>128,032,788</u>
Capital assets being depreciated:				
Land improvements	127,038,741	2,718,357	-	129,757,098
Buildings	745,426,818	8,431,703	-	753,858,521
Furniture, equipment, and vehicles	33,762,224	13,881,805	-	47,644,029
Total capital assets being depreciated	<u>906,227,783</u>	<u>25,031,865</u>	<u>-</u>	<u>931,259,648</u>
Accumulated depreciation for:				
Land improvements	(58,577,724)	(6,487,855)	-	(65,065,579)
Buildings	(349,737,196)	(15,077,170)	-	(364,814,366)
Furniture, equipment, and vehicles	<u>(27,529,567)</u>	<u>(3,176,269)</u>	<u>-</u>	<u>(30,705,836)</u>
Total accumulated depreciation	<u>(435,844,487)</u>	<u>(24,741,294)</u>	<u>-</u>	<u>(460,585,781)</u>
Total capital assets being depreciated, net	<u>470,383,296</u>	<u>290,571</u>	<u>-</u>	<u>470,673,867</u>
Capital assets, net	<u>575,462,796</u>	<u>34,393,919</u>	<u>11,150,060</u>	<u>598,706,655</u>
Lease assets:				
Right-of-use lease assets	5,157,369	-	-	5,157,369
Less accumulated amortization	(538,868)	(923,731)	-	(1,462,599)
Subscription assets, net	<u>4,618,501</u>	<u>(923,731)</u>	<u>-</u>	<u>3,694,770</u>
Governmental activity capital assets, net	<u>\$ 580,081,297</u>	<u>\$ 33,470,188</u>	<u>\$ 11,150,060</u>	<u>\$ 602,401,425</u>

* As restated to recognize lease assets (see Note 13)

Depreciation expense was charged to governmental activities as follows:

Depreciation by Function:	Governmental Activities
Instruction	\$ 12,085
Supervision of instruction	9,669
All other pupil services	593,721
All other general administration	94,854
Plant services	<u>24,030,965</u>
Total depreciation expense	<u>\$ 24,741,294</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS

Changes in long-term liabilities other than OPEB or pensions for the fiscal year ended June 30, 2024, were as follows:

	Balance, July 1, 2023*	Additions	Deductions	Balance, June 30, 2024	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	\$ 432,735,000	\$ -	\$ 29,520,000	\$ 403,215,000	\$ 30,435,000
Unamortized Issuance Premium	44,619,796	-	3,389,497	41,230,299	3,861,031
Total GO Bonds	477,354,796	-	32,909,497	444,445,299	34,296,031
Certificates of Participation:					
Principal Payments	11,350,000	-	2,335,000	9,015,000	2,360,000
Unamortized Issuance Premium	1,183,496	-	374,987	808,509	394,172
Total Certificates of Participation	12,533,496	-	2,709,987	9,823,509	2,754,172
Construction Loan	3,104,580	-	158,145	2,946,435	-
Lease Liabilities	4,648,223	-	880,199	3,768,024	901,478
Supplemental Employee Retirement Plan	3,466,640	-	1,733,320	1,733,320	1,733,320
Compensated Absences	5,331,065	-	703,783	4,627,282	-
Totals	\$ 506,438,800	\$ -	\$ 39,094,931	\$ 467,343,869	\$ 39,685,001

* As restated to recognize lease liabilities (see Note 13)

Payments on General Obligation Bonds are made from the Bond Interest and Redemption Fund. Payments on the construction loan are made from the Capital Facilities Fund. Payments on the COPS are reported as a pass-through in the General Fund, from excess special tax assessments received by the Debt Service Fund for Special Assessment Debt. Payments toward compensated absences are made from the fund for which the related employee worked. The leases and supplemental retirement plan will be paid from the General Fund.

A. General Obligation Bonds

Election of 2010 (Measure C)

General obligation bonds of up to \$348,000,000 were approved by more than 55% of the qualified voters of the District voting on the proposition at a general election held on June 8, 2010. The Bonds were issued (i) to finance the construction, acquisition, furnishing and equipping of District facilities, (ii) to prepay certain existing outstanding lease purchase obligations of the District, and (iii) to pay certain costs of issuance associated therewith.

Election of 2018 (Measure J)

General obligation bonds were authorized at an election of the registered voters of the District held on November 6, 2018, which authorized the issuance of \$150,000,000 principal amount of general obligation bonds for school facility improvements.

Defeasance of Debt

The District has defeased certain general obligation bonds by placing the proceeds of new refunding bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2024, no principal balance remained outstanding on the defeased debt.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. At June 30, 2024, deferred outflows on refunding were \$4,670,832.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2024

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

Summary

The Bonds are general obligations of the District, payable solely from ad valorem property taxes. The County Board is empowered and obligated to annually levy such ad valorem property taxes upon all property subject to taxation by the District, without limitation as to rate or amount (except as to certain personal property which is taxable at limited rates), for the payment of the principal of and interest on the Bonds when due.

A summary of all bonds issued and outstanding at June 30, 2024 follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2023	Additions	Deductions	Balance, June 30, 2024
<i>Refunding Bonds</i>								
2002 Series C	4/10/2013	8/1/2023	2.00%-5.00%	\$ 54,015,000	\$ 1,305,000	\$ -	\$ 1,305,000	\$ -
2021 Refunding, Series A	10/7/2021	8/1/2031	1.25%-4.00%	28,270,000	19,665,000	-	7,675,000	11,990,000
2022 Refunding, Series B	5/5/2022	6/1/2037	4.00%	147,145,000	144,500,000	-	3,155,000	141,345,000
2023 Refunding	5/4/2023	6/1/2031	5.00%	<u>36,450,000</u>	<u>36,450,000</u>	-	<u>470,000</u>	<u>35,980,000</u>
Sub-Total				<u>265,880,000</u>	<u>201,920,000</u>	-	<u>12,605,000</u>	<u>189,315,000</u>
<i>Election of 2010 (Measure C)</i>								
Series A	9/30/2010	8/1/2035	2.46%-5.77%	50,456,475	91,610,000	-	455,000	91,155,000
Series B	9/30/2010	8/1/2027	1.24%-5.55%	59,540,000	25,880,000	-	3,915,000	21,965,000
Series C	4/12/2011	8/1/2025	2.00%-5.40%	3,865,000	2,970,000	-	950,000	2,020,000
Series F	7/15/2015	8/1/2025	4.00%-5.00%	38,500,000	3,555,000	-	2,005,000	1,550,000
Series G	11/16/2016	8/1/2031	2.00%-3.00%	38,500,000	31,800,000	-	2,700,000	29,100,000
Sub-Total				<u>190,861,475</u>	<u>155,815,000</u>	-	<u>10,025,000</u>	<u>145,790,000</u>
<i>Election of 2018 (Measure J)</i>								
Series B	4/6/2022	8/1/2042	4.00%-5.00%	75,000,000	75,000,000	-	6,890,000	68,110,000
Sub-Total				<u>75,000,000</u>	<u>75,000,000</u>	-	<u>6,890,000</u>	<u>68,110,000</u>
Totals				\$ 531,741,475	\$ 432,735,000	\$ -	\$ 29,520,000	\$ 403,215,000

The annual requirements to amortize general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2024-2025	\$ 30,435,000	\$ 17,593,475	\$ 48,028,475
2025-2026	27,065,000	16,348,521	43,413,521
2026-2027	28,070,000	15,136,448	43,206,448
2027-2028	30,470,000	13,823,177	44,293,177
2028-2029	32,830,000	12,370,262	45,200,262
2029-2034	151,300,000	37,287,029	188,587,029
2034-2039	80,365,000	11,569,596	91,934,596
2039-2043	22,680,000	2,274,800	24,954,800
Totals	\$ 403,215,000	\$ 126,403,308	\$ 529,618,308

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

B. Certificates of Participation

In October 2018, the District issued 2018 Certificates of Participation (2018 COPS) to finance the improvement of certain educational facilities of the District. The 2018 COPS bear interest at 5.0% per annum, and mature through September 1, 2026.

The following is a schedule of future payments:

Fiscal Year	Principal	Interest	Total
2024-2025	\$ 2,360,000	\$ 391,750	\$ 2,751,750
2025-2026	3,360,000	248,750	3,608,750
2026-2027	3,295,000	82,375	3,377,375
Totals	<u>\$ 9,015,000</u>	<u>\$ 722,875</u>	<u>\$ 9,737,875</u>

C. Construction Loan

In February 2003, the Redevelopment Agency of the City of Pittsburg (City) made an interest-free loan totaling \$6,178,936 to the District. The purpose of the loan was to finance the construction of an elementary school within the City of Pittsburg. Beginning June 1, 2005, the District pays 24% of all impact fees collected by the District in the City of Pittsburg incurred after January 1, 2005. The District will continue to make payments equal to 24% of impact fees collected in the City every six months on June 1st and January 1st of each year through June 1, 2040, or until the loan is paid off, whichever occurs first. The balance due on the Construction Loan as of June 30, 2024 is \$2,946,435.

D. Lease Liabilities

The District has entered into agreements to lease various equipment. As of June 30, 2024, the District recognized a right-to-use lease asset, net of amortization, of \$3,694,770 and a lease liability of \$3,768,024 related to these agreements. The District is required to make principal and interest payments through January 2029. The lease agreements have discount rates that range from 0.20% to 2.85%.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2024 are as follows:

Fiscal Year	Principal	Interest	Total
2024-2025	\$ 901,478	\$ 91,403	\$ 992,881
2025-2026	846,052	69,549	915,601
2026-2027	791,018	47,304	838,322
2027-2028	813,859	24,464	838,323
2028-2029	415,617	3,544	419,161
Totals	<u>\$ 3,768,024</u>	<u>\$ 236,264</u>	<u>\$ 4,004,288</u>

E. Supplemental Employee Retirement Plan

Effective July 2020, the District established a Supplemental Employee Retirement Plan (SERP) for certain qualifying District employees. Under the terms of the SERP, the District will make annual contributions of \$1,733,320 to the plan for the future benefits to be paid to qualifying employees. Payments are made equally over a period of five fiscal years, for a total obligation of \$8,666,600. At June 30, 2024, the outstanding balance of future District contributions was \$1,733,320.

Fiscal Year	Payment
2024-2025	<u>\$ 1,733,320</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2024

NOTE 7 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

F. Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facilities Districts as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders, and may initiate foreclosure proceedings. Special assessment debt of \$1,625,000 as of June 30, 2024, does not represent debt of the District and, as such, does not appear in the accompanying basic financial statements.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2024, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	\$ 204,225,407	\$ 5,542,336	\$ 41,353,897	\$ 15,076,078
MPP Program	1,189,187	-	-	(68,173)
Totals	\$ 205,414,594	\$ 5,542,336	\$ 41,353,897	\$ 15,007,905

The details of each plan are as follows:

District Plan

Plan Description

District provides healthcare benefits to eligible employees who retire from the District, as part of a single-employer defined benefit postemployment healthcare plan (the "Plan"). The Plan is administered by the District and allows employees who retire after having achieved retirement eligibility requirements to continue receiving medical coverage. The benefits from the Plan are available to Mount Diablo Educators Association (MDEA) employees, classified employees (Including Local 1 CST, Teamsters 856 and CSEA Employees), management & confidential employees, psychologists, and supervisors. The District's Board of Education has the authority to establish or amend the benefit terms offered by the Plan. The Board of Education also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2024, the District has not accumulated assets in a qualified trust for the purpose of paying benefits related to the District's total OPEB liability, and the plan does not issue separate financial statements.

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Benefits Provided

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

MDEA Employees

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

Classified Employees (including Local 1 CST, Teamsters 856 and CSEA members)

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

Management and Confidential Employees

The District pays for the cost of retiree plus one eligible dependent (depending on age of dependent at retirement) and all dependents for dental coverage for a period of 10 years or to the retiree's attainment of age 65, if earlier. The District's pre-65 contribution is capped at the current Kaiser HMO rate for retirees in the service area and the actual premium rate for retirees outside the service area. Upon reaching age 65, the District pays the CalPERS minimum required contribution only. An eligible retiree can elect additional dependent coverage but will be required to pay any additional costs above the District contribution. Dental benefits are only provided to eligible employees retiring prior to age 64. Upon the death of the retiree, a surviving spouse can continue medical coverage through the CalPERS Health Program and receive a District contribution through the retiree age 65. For continuation after the retirees age 65, the District's contribution is equal to the CalPERS minimum required contribution. All dental coverage ceases when the retiree attains or would have attained age 65.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Benefits Provided (continued)

Psychologists

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

Supervisors

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

Employees covered by benefit terms

At the valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1,462
Active employees	<u>3,385</u>
Total	<u><u>4,847</u></u>

Total OPEB Liability

The District’s total OPEB liability of \$204,225,407 for the Plan was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	June 30, 2023
Inflation	2.50%
Valuation Interest Rate	3.93%
Long-Term Medical Trend Rate	4.00%
Projected Payroll Growth	2.75%

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Discount Rate

The discount rate for GASB 75 has been set equal to 3.93%, net of expenses, which is based on the Bond Buyer 20 Bond Index.

Mortality Rates

Mortality rates are based on the 2020 CalSTRS mortality tables for certificated employees and the 2021 CalPERS mortality tables for miscellaneous and school employees.

Changes in the Total OPEB Liability

	Total
	OPEB Liability
Balance at July 1, 2023	<u>\$ 198,225,154</u>
Changes for the year:	
Service cost	11,289,910
Interest	7,334,026
Changes of assumptions	(6,747,884)
Benefit payments	<u>(5,875,799)</u>
Net changes	<u>6,000,253</u>
Balance at June 30, 2024	<u><u>\$ 204,225,407</u></u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is one percentage-point lower or one percentage-point higher than the current discount rate:

<u>Discount Rate</u>	<u>OPEB</u>
	<u>Liability</u>
1% decrease	\$ 229,017,510
Current discount rate	\$ 204,225,407
1% increase	\$ 183,808,195

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage-point lower or one percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost Trend Rate	OPEB Liability
1% decrease	\$ 174,874,301
Current trend rate	\$ 204,225,407
1% increase	\$ 240,264,643

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$15,076,078. In addition, at June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 7,267,186
Changes of assumptions	5,542,336	34,086,711
Totals	<u>\$ 5,542,336</u>	<u>\$ 41,353,897</u>

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense as follows:

Year Ended June 30:	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	\$ 1,385,585	\$ 6,919,038
2026	1,385,585	6,919,038
2027	1,385,585	6,919,038
2028	1,385,581	6,919,038
2029	-	6,744,420
Thereafter	-	6,933,325
Totals	<u>\$ 5,542,336</u>	<u>\$ 41,353,897</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program

Plan Description

The MPP Program is a cost-sharing multiple-employer other postemployment benefit (OPEB) plan established pursuant to Chapter 1032, Statutes of 2000 (SB 1435). CalSTRS administers the MPP Program through the Teachers' Health Benefit Fund (THBF).

A full description of the MPP Program regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Medicare Premium Payment Program. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

The MPP Program pays Medicare Part A premiums and Medicare Parts A and B late enrollment surcharges for eligible members of the DB 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. Members who retire on or after July 1, 2012, are not eligible for coverage under the MPP Program.

As of June 30, 2023, 4,457 retirees participated in the MPP Program; however, the number of retired members who will participate in the program in the future is unknown as eligibility cannot be predetermined.

The MPP Program is funded on a pay-as-you-go basis from a portion of monthly employer contributions. In accordance with Education Code section 22950, contributions that would otherwise be credited to the DB Program each month are instead credited to the MPP Program to fund monthly program and administrative costs. Total redirections to the MPP Program are monitored to ensure that total incurred costs do not exceed the amount initially identified as the cost of the program.

Total OPEB Liability

At June 30, 2024, the District reported a liability of \$1,189,187 for its proportionate share of the net OPEB liability for the MPP Program. The total OPEB liability for the MPP Program as of June 30, 2023, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total OPEB liability to June 30, 2023. The District's proportion of the net OPEB liability was based on a projection of the District's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportions of the net OPEB liability for the two most recent measurement periods were:

	Percentage Share of MPP Program		Change Increase/ (Decrease)
	Fiscal Year Ending June 30, 2024	Fiscal Year Ending June 30, 2023	
Measurement Date	<u>June 30, 2023</u>	<u>June 30, 2022</u>	
Proportion of the Net OPEB Liability	0.391906%	0.381699%	0.010207%

For the year ended June 30, 2024, the District reported OPEB expense of \$(68,173).

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2023
Valuation Date	June 30, 2022
Experience Study	June 30, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.65%
Healthcare Cost Trend Rates	4.5% for Medicare Part A, and 5.4% for Medicare Part B

Assumptions were made about future participation (enrollment) into the MPP Program as CalSTRS is unable to determine which members not currently participating meet all eligibility criteria for enrollment in the future. Assumed enrollment rates were derived based on past experience and are stratified by age with the probability of enrollment diminishing as the members' ages increase. This estimated enrollment rate was then applied to the population of members who may meet criteria necessary for eligibility but are not currently enrolled in the MPP Program. Based on this, the estimated number of future enrollments used in the financial reporting valuation was 179 or an average of 0.13% of the potentially eligible population of 138,780.

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.

Discount Rate

The MPP Program is funded on a pay-as-you-go basis with contributions generally being made at the same time and in the same amount as benefit payments and expenses coming due. Any funds within the MPP Program as of June 30, 2023, were to manage differences between estimated and actual amounts to be paid and were invested in the Surplus Money Investment Fund (SMIF), which is a pooled investment program administered by the California State Treasurer.

As the MPP Program is funded on a pay-as-you-go basis, 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 Bondbuyer.com as of June 30, 2023, 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, 2023, was 3.65%, which is an increase of 0.11% from 3.54% as of June 30, 2022.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
 June 30, 2024

NOTE 8 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

Sensitivity of the Proportionate Share of The Net OPEB Liability to Changes in the Discount Rate

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net 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:

<u>Discount Rate</u>	<u>MPP OPEB Liability</u>
1% decrease	\$ 1,292,403
Current discount rate	\$ 1,189,187
1% increase	\$ 1,099,441

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Medicare Costs Trend Rates

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using Medicare costs trend rates that are one percentage-point lower or one percentage-point higher than the current rates:

<u>Medicare Cost Trend Rates</u>	<u>MPP OPEB Liability</u>
1% decrease	\$ 1,094,169
Current trend rate	\$ 1,189,187
1% increase	\$ 1,296,459

NOTE 9 – PENSION PLANS

Qualified employees are covered under multiple-employer defined benefit pension 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).

For the fiscal year ended June 30, 2024, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 201,794,104	\$ 61,473,578	\$ 59,915,652	\$ 15,287,736
CalPERS	120,661,938	62,112,660	30,506,421	11,641,975
Totals	<u>\$ 322,456,042</u>	<u>\$ 123,586,238</u>	<u>\$ 90,422,073</u>	<u>\$ 26,929,711</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

The details of each plan are as follows:

A. California State Teachers' Retirement System (CalSTRS)

Plan Description

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <https://www.calstrs.com/general-information/gasb-6768>.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

The STRP is a multiple-employer, cost-sharing defined benefit plan composed of four programs: Defined Benefit (DB) Program, Defined Benefit Supplement (DBS) Program, Cash Balance Benefit (CBB) Program and Replacement Benefits (RB) Program. A Supplemental Benefit Maintenance Account (SBMA) exists within the STRP and provides purchasing power protection for DB Program benefits. The STRP holds assets for the exclusive purpose of providing benefits to members of these programs and their beneficiaries. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor and obligor of the trust. In addition, the state is both an employer and non-employer contributing entity to the STRP.

The STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date	December 31, 2012	January 1, 2013
Benefit Formula	2% at 60	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	60	62
Monthly Benefits as a Percentage of Eligible Compensation	2.0%-2.4%	2.0%-2.4%
Required Member Contribution Rate	10.25%	10.205%
Required Employer Contribution Rate	19.10%	19.10%
Required State Contribution Rate	10.828%	10.828%

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Contributions

The parameters for member, employer and state contribution rates are set by the California Legislature and the Governor and detailed in the Teachers’ Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046.

The contribution rates for each program for the year ended June 30, 2024, are presented above, and the District’s total contributions were \$32,486,505.

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

At June 30, 2024, 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 net pension liability	\$	201,794,104
State's proportionate share of the net pension liability associated with the District		<u>96,685,230</u>
Total	\$	<u><u>298,479,334</u></u>

The net pension liability was measured as of June 30, 2023. 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 and the State, actuarially determined. The District's proportions of the net pension liability for the two most recent measurement periods were:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2024</u>	<u>Fiscal Year Ending June 30, 2023</u>	
Measurement Date	<u>June 30, 2023</u>	<u>June 30, 2022</u>	
Proportion of the Net Pension Liability	0.264957%	0.254331%	0.010626%

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – 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)

For the year ended June 30, 2024, the District recognized pension expense of \$15,287,736. In addition, the District recognized pension expense and revenue of \$(1,404,067) for support provided by the State. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension contributions subsequent to measurement date	\$ 31,641,092	\$ -
Net change in proportionate share of net pension liability	11,942,572	49,118,644
Difference between projected and actual earnings on pension plan investments	863,761	-
Changes of assumptions	1,168,462	-
Differences between expected and actual experience	<u>15,857,691</u>	<u>10,797,008</u>
Totals	<u>\$ 61,473,578</u>	<u>\$ 59,915,652</u>

The 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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 7 years.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	\$ 3,743,427	\$ 14,380,684
2026	1,249,141	17,931,111
2027	17,220,049	10,757,393
2028	1,643,212	9,302,107
2029	2,109,536	6,261,250
Thereafter	<u>3,867,121</u>	<u>1,283,107</u>
Totals	<u>\$ 29,832,486</u>	<u>\$ 59,915,652</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions

The total pension liability for the STRP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2022, and rolling forward the total pension liability to June 30, 2023. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2023, include:

Valuation Date	June 30, 2022
Experience Study	July 1, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

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

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, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	38.0%	5.25%
Real Estate	15.0%	4.05%
Private Equity	14.0%	6.75%
Fixed Income	14.0%	2.45%
Risk Mitigating Strategies	10.0%	2.25%
Inflation Sensitive	7.0%	3.65%
Cash/Liquidity	2.0%	0.05%

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – 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%, which was unchanged from the prior fiscal year. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and employers are made at statutory contribution rates in accordance with the rate increases. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return of 7.10% and assume that contributions, benefit payments and administrative expenses occur midyear. Based on those assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 338,493,507
Current discount rate (7.10%)	\$ 201,794,104
1% increase (8.10%)	\$ 88,249,317

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the *Education Code* and *Public Resources Code* Section 6217.5. Under accounting principles generally accepted in the United States of America, these contributions are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is \$16,310,364.

B. California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the Schools Pool under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Schools Pool Accounting Report. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: <https://www.calpers.ca.gov/page/employers/actuarial-resources/gasb>.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor, and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2024, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit Formula	2% at 55	2% at 62
Benefit Vesting Schedule	5 years of service	5 years of service
Benefit Payments	Monthly for life	Monthly for life
Retirement Age	55	62
Required Employee Contribution Rate	7.00%	8.00%
Required Employer Contribution Rate	26.68%	26.68%

Contributions

The benefits for the defined benefit pension plans are funded by contributions from members, employers, non-employers, and earnings from investments. Member and employer contributions are a percentage of applicable member compensation. Member contribution rates are defined by law and depend on the respective employer's benefit formulas. In some circumstances, contributions are made by the employer to satisfy member contribution requirements. Member and employer contribution rates are determined by periodic actuarial valuations or by state statute. Actuarial valuations are based on the benefit formulas and employee groups of each employer. Non-employer contributions are not expected each year, but when provided they are accrued for. The contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024 are presented above, and the total District contributions were \$17,042,424.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 9 – 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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$120,661,938. The net pension liability was measured as of June 30, 2023. 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. The District's proportions of the net pension liability for the two most recent measurement periods were:

	<u>Percentage Share of Risk Pool</u>		<u>Change Increase/ (Decrease)</u>
	<u>Fiscal Year Ending June 30, 2024</u>	<u>Fiscal Year Ending June 30, 2023</u>	
	<u>June 30, 2023</u>	<u>June 30, 2022</u>	
Measurement Date			
Proportion of the Net Pension Liability	0.333331%	0.306137%	0.027194%

For the year ended June 30, 2024, the District recognized pension expense of \$11,641,975. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension contributions subsequent to measurement date	\$ 17,042,424	\$ -
Net change in proportionate share of net pension liability	7,750,633	14,184,191
Difference between projected and actual earnings on pension plan investments	27,357,461	14,469,040
Changes of assumptions	5,558,847	-
Differences between expected and actual experience	4,403,295	1,853,190
Totals	<u>\$ 62,112,660</u>	<u>\$ 30,506,421</u>

The 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 subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.8 years.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – 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)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows of Resources	Deferred Inflows of Resources
2025	\$ 16,200,315	\$ 15,073,870
2026	14,891,070	13,120,729
2027	11,946,039	2,311,822
2028	2,032,812	-
2029	-	-
Thereafter	-	-
Totals	<u>\$ 45,070,236</u>	<u>\$ 30,506,421</u>

Actuarial Methods and Assumptions

Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2022 and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of June 30, 2022 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2022
Experience Study	2000-2019
Actuarial Cost Method	Entry age normal
Discount Rate	6.9%
Inflation Rate	2.3%
Salary Increases	Varies by entry age and service

Post-retirement mortality rates are based on CalPERS' experience and include generational mortality improvement using 80 percent of Scale MP 2020 published by the Society of Actuaries. These tables are used to estimate the value of benefits expected to be paid for service and disability retirements. For disability retirements, impaired longevity is recognized by a separate table.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)

The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Real Return</u>
Global Equity Cap-weighted	30.00%	4.54%
Global Equity Non-Cap-weighted	12.00%	3.84%
Private Equity	13.00%	7.28%
Treasury	5.00%	0.27%
Mortgage-backed Securities	5.00%	0.50%
Investment Grade Corporates	10.00%	1.56%
High Yield	5.00%	2.27%
Emerging Market Debt	5.00%	2.48%
Private Debt	5.00%	3.57%
Real Assets	15.00%	3.21%
Leverage	(5.00%)	(0.59%)

Discount Rate

The discount rate used to measure the total pension liability was 6.9%. The discount rate is not adjusted for administrative expenses. The fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for the pension plan's investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the current discount rate as well as what the net pension liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

<u>Discount Rate</u>	<u>Net Pension Liability</u>
1% decrease (5.9%)	\$ 174,445,972
Current discount rate (6.9%)	\$ 120,661,938
1% increase (7.9%)	\$ 76,210,658

C. Social Security

As established by Federal law, all public sector employees who are not members of their employer's existing retirement system (CalSTRS or CalPERS) must be covered by social security or an alternative plan. The District has elected to use the Social Security as its alternative plan.

D. Payables to the Pension Plans

At June 30, 2024, the District did not have any outstanding payables for outstanding contributions to the CalSTRS and CalPERS pension plans, respectively, required for the fiscal year ended June 30, 2024.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2024

NOTE 10 – JOINT VENTURES

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

NOTE 11 – COMMITMENTS AND CONTINGENCIES

A. State and Federal Allowances, Awards, and Grants

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, it is believed that any required reimbursement will not be material.

B. Construction Commitments

As of June 30, 2024, the District had commitments with respect to unfinished capital projects of approximately \$18.2 million.

C. Litigation

The District is involved in certain legal matters that arose out of the normal course of business. The District has not accrued a liability for any potential litigation against it because it does not meet the criteria to be considered a liability at June 30, 2024.

D. Fraud Investigation

During the fiscal year, the District entered into a contract for a forensic financial examination of a vendor and a District employee. The examination confirmed that the District had been the victim of fraudulent activity perpetrated by the employee through a billing scheme, in which the District was invoiced/billed by the vendor for purchases made by the employee using the vendor's credit card. The report from the examiner estimates that from fiscal years 2018-19 through 2023-24, the total amount invoiced to the District for these items is up to \$4,387,499.42, plus \$219,373.97 in an administrative fee that was charged for these purchases.

This represents the total potential loss to the District relating to iPads and other electronic devices purchased by the vendor and invoiced to the District. The District is cooperating with the Concord Police Department and the Federal Bureau of Investigation's investigation into this matter. The District employee was arrested and released on bail.

The District will also continue to cooperate with law enforcement agencies and insurance providers to be compensated for the financial loss, to the extent possible.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2024

NOTE 12 – RISK MANAGEMENT

Property and Liability

For the fiscal year ending June 30, 2024, Mt. Diablo USD self-insures its property and liability claims up to \$250,000 per occurrence. Mt. Diablo USD is a member of Northern California ReLiEF (NCR) for property coverage up to \$250,000 and liability coverage up to \$1,000,000 in excess of \$250,000 retained limit. As a member of NCR, Mt. Diablo USD is afforded excess coverage through the Schools Association for Excess Risk (SAFER) up to \$500,250,000 for property and \$50,000,000 for liability.

Workers' Compensation

For the fiscal year ending June 30th, 2024, Mt. Diablo USD is a member of Protected Insurance Program for Schools (PIPS) for workers' compensation coverage. The Protected Insurance Program for Schools and Community Colleges (PIPS) is a self-insurance program that integrates risk transfer to reinsurers and risk retention by its self-insured members. This unique structure provides catastrophic protection up to \$250,000,000 per occurrence and frequency protection up to \$1,000,000 per occurrence in excess of a 99% undiscounted actuarial probability level.

Employee Medical Benefits

Employee life, health, and disability programs are administered through the purchase of commercial insurance and self-insurance.

NOTE 13 – ADJUSTMENTS FOR RESTATEMENTS

During the year, the District recorded the following adjustments to beginning balances at July 1, 2023:

	Statement of Activities	Statement of Revenues, Expenditures, and Changes in Fund Balances
Adjustments to recognize lease assets at June 30, 2023	\$ 4,618,501	\$ -
Adjustments to recognize lease liabilities at June 30, 2023	(4,648,223)	-
Adjustments to recognize lease receivables at June 30, 2023	2,843,007	2,843,007
Adjustments to recognize deferred inflows for leases at June 30, 2023	(2,816,670)	(2,816,670)
Adjustment to 2021-22 LCFF accrual	13,605,297	13,605,297
	<u>\$ 13,601,912</u>	<u>\$ 13,631,634</u>
Total adjustments for restatements		

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Required Supplementary Information

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MT. DIABLO UNIFIED SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual (Budgetary Basis)	Variance with Final Budget -
	Original	Final		Pos (Neg)
Revenues				
LCFF Sources	\$ 339,655,451	\$ 340,658,388	\$ 338,666,477	\$ (1,991,911)
Federal	24,610,382	53,276,336	47,446,034	(5,830,302)
Other State	77,953,272	91,890,526	86,285,225	(5,605,301)
Other Local	12,005,120	22,790,198	30,903,325	8,113,127
Total Revenues	454,224,225	508,615,448	503,301,061	(5,314,387)
Expenditures				
Current:				
Certificated Salaries	174,959,194	173,394,672	174,953,137	(1,558,465)
Classified Salaries	65,607,697	64,909,563	64,233,454	676,109
Employee Benefits	125,689,072	129,215,925	127,057,927	2,157,998
Books and Supplies	20,861,977	70,341,290	24,843,728	45,497,562
Services and Other Operating Expenditures	64,997,476	77,253,243	77,164,269	88,974
Transfers of indirect costs	(849,165)	(921,466)	(808,603)	(112,863)
Capital Outlay	2,687,012	9,752,081	8,979,965	772,116
Other Outgo	<u>1,097,586</u>	<u>749,172</u>	<u>4,845,979</u>	<u>(4,096,807)</u>
Total Expenditures	455,050,849	524,694,479	481,269,856	43,424,623
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(826,624)</u>	<u>(16,079,032)</u>	<u>22,031,205</u>	<u>38,110,237</u>
Other Financing Sources and Uses				
Interfund Transfers Out	<u>(5,000,000)</u>	<u>(5,000,000)</u>	<u>(5,055,727)</u>	<u>(55,727)</u>
Total Other Financing Sources and Uses	(5,000,000)	(5,000,000)	(5,055,727)	(55,727)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(5,826,624)</u>	<u>(21,079,032)</u>	<u>16,975,478</u>	<u>38,054,510</u>
Fund Balance, July 1, 2023	<u>147,063,324</u>	<u>196,241,064</u>	<u>196,241,064</u>	<u>-</u>
Fund Balance, June 30, 2024	<u>\$ 141,236,700</u>	<u>\$ 175,162,032</u>	<u>213,216,542</u>	<u>\$ 38,054,510</u>
Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:				
			Deferred Maintenance Fund	<u>3,395,452</u>
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:			<u>\$ 216,611,994</u>	

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2024

Last Ten Fiscal Years

Employer's Fiscal Year Measurement Period	2023-24	2022-23	2021-22	2020-21	2019-20
	2022-23	2021-22	2020-21	2019-20	2018-19
District's proportion of the net pension liability	0.2650%	0.2543%	0.2250%	0.2640%	0.2890%
District's proportionate share of the net pension liability	\$ 201,794,104	\$ 176,724,661	\$ 102,193,000	\$ 256,117,000	\$ 261,393,000
State's proportionate share of the net pension liability associated with the District	<u>96,685,230</u>	<u>88,503,019</u>	<u>60,803,000</u>	<u>139,966,000</u>	<u>142,608,000</u>
Totals	<u>\$ 298,479,334</u>	<u>\$ 265,227,680</u>	<u>\$ 162,996,000</u>	<u>\$ 396,083,000</u>	<u>\$ 404,001,000</u>
District's covered payroll	<u>\$ 156,963,206</u>	<u>\$ 150,387,400</u>	<u>\$ 144,109,529</u>	<u>\$ 142,701,000</u>	<u>\$ 155,566,000</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	128.56%	117.51%	70.91%	179.48%	168.03%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%
Employer's Fiscal Year Measurement Period	2018-19	2017-18	2016-17	2015-16	2014-15
	2017-18	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.3020%	0.2950%	0.2720%	0.2910%	0.2760%
District's proportionate share of the net pension liability	\$ 277,385,000	\$ 272,885,000	\$ 219,996,320	\$ 195,912,840	\$ 161,286,120
State's proportionate share of the net pension liability associated with the District	<u>158,817,000</u>	<u>161,437,000</u>	<u>125,258,419</u>	<u>103,616,018</u>	<u>97,392,501</u>
Totals	<u>\$ 436,202,000</u>	<u>\$ 434,322,000</u>	<u>\$ 345,254,739</u>	<u>\$ 299,528,858</u>	<u>\$ 258,678,621</u>
District's covered payroll	<u>\$ 160,658,000</u>	<u>\$ 156,387,000</u>	<u>\$ 137,080,196</u>	<u>\$ 131,676,520</u>	<u>\$ 123,886,776</u>
District's proportionate share of the net pension liability as a percentage of its covered payroll	172.66%	174.49%	160.49%	148.78%	130.19%
Plan fiduciary net position as a percentage of the total pension liability	71%	69%	70%	74%	77%

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2024

Last Ten Fiscal Years

Employer's Fiscal Year Measurement Period	2023-24	2022-23	2021-22	2020-21	2019-20
	2022-23	2021-22	2020-21	2019-20	2018-19
District's proportion of the net pension liability	0.3333%	0.3061%	0.3420%	0.3750%	0.4040%
District's proportionate share of the net pension liability	\$ 120,661,938	\$ 105,338,867	\$ 69,637,000	\$ 114,917,000	\$ 117,786,000
District's covered payroll	\$ 58,027,134	\$ 50,994,000	\$ 48,771,000	\$ 53,949,000	\$ 56,027,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	207.94%	206.57%	142.78%	213.01%	210.23%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	70%	70%	70%
Employer's Fiscal Year Measurement Period	2018-19	2017-18	2016-17	2015-16	2014-15
	2017-18	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.4270%	0.4140%	0.3960%	0.4050%	0.3890%
District's proportionate share of the net pension liability	\$ 113,742,000	\$ 98,730,000	\$ 78,289,245	\$ 59,623,699	\$ 45,171,338
District's covered payroll	\$ 56,267,000	\$ 52,731,000	\$ 47,558,749	\$ 45,257,132	\$ 41,430,353
District's proportionate share of the net pension liability as a percentage of its covered payroll	202.15%	187.23%	164.62%	131.74%	109.03%
Plan fiduciary net position as a percentage of the total pension liability	71%	72%	74%	79%	83%

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2024

Last Ten Fiscal Years

Employer's Fiscal Year	2023-24	2022-23	2021-22	2020-21	2019-20
Contractually required contribution	\$ 32,486,505	\$ 29,979,972	\$ 25,445,548	\$ 23,273,689	\$ 25,262,435
Contributions in relation to the contractually required contribution	<u>32,486,505</u>	<u>29,979,972</u>	<u>25,445,548</u>	<u>23,273,689</u>	<u>25,262,435</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 170,086,414</u>	<u>\$ 156,963,206</u>	<u>\$ 150,387,400</u>	<u>\$ 144,109,529</u>	<u>\$ 142,701,000</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>

Employer's Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	\$ 25,474,844	\$ 23,182,949	\$ 19,673,538	\$ 14,708,705	\$ 11,692,875
Contributions in relation to the contractually required contribution	<u>25,474,844</u>	<u>23,182,949</u>	<u>19,673,538</u>	<u>14,708,705</u>	<u>11,692,875</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 155,566,000</u>	<u>\$ 160,658,000</u>	<u>\$ 156,387,000</u>	<u>\$ 137,080,196</u>	<u>\$ 131,676,520</u>
Contributions as a percentage of covered payroll	<u>16.38%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2024

Last Ten Fiscal Years

Employer's Fiscal Year	2023-24	2022-23	2021-22	2020-21	2019-20
Contractually required contribution	\$ 17,042,424	\$ 14,721,484	\$ 11,682,718	\$ 10,095,538	\$ 10,667,677
Contributions in relation to the contractually required contribution	<u>17,042,424</u>	<u>14,721,484</u>	<u>11,682,718</u>	<u>10,095,538</u>	<u>10,667,677</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>63,877,151</u>	<u>58,027,134</u>	<u>\$ 50,994,000</u>	<u>\$ 48,771,000</u>	<u>\$ 53,949,000</u>
Contributions as a percentage of covered payroll	<u>26.680%</u>	<u>25.370%</u>	<u>22.910%</u>	<u>20.700%</u>	<u>19.774%</u>

Employer's Fiscal Year	2018-19	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	\$ 10,119,534	\$ 8,738,265	\$ 7,324,363	\$ 5,634,285	\$ 5,327,217
Contributions in relation to the contractually required contribution	<u>10,119,534</u>	<u>8,738,265</u>	<u>7,324,363</u>	<u>5,634,285</u>	<u>5,327,217</u>
Contribution deficiency (excess):	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	<u>\$ 56,027,000</u>	<u>\$ 56,267,000</u>	<u>\$ 52,731,000</u>	<u>\$ 47,558,749</u>	<u>\$ 45,257,132</u>
Contributions as a percentage of covered payroll	<u>18.062%</u>	<u>15.530%</u>	<u>13.890%</u>	<u>11.847%</u>	<u>11.771%</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2024

<i>Last Ten Fiscal Years*</i>				
Employer's Fiscal Year Measurement Period	2023-24 <u>2023-24</u>	2022-23 <u>2022-23</u>	2021-22 <u>2021-22</u>	2020-21 <u>2020-21</u>
Total OPEB liability				
Service cost	\$ 11,289,910	\$ 11,941,438	\$ 15,119,446	\$ 13,151,256
Interest	7,334,026	7,119,817	4,867,822	5,748,803
Differences between expected and actual experience	-	(9,410,964)	-	(83,800)
Changes in assumptions	(6,747,884)	(3,270,172)	(36,320,661)	(3,670,217)
Benefit payments	<u>(5,875,799)</u>	<u>(6,618,028)</u>	<u>(6,011,879)</u>	<u>(7,764,967)</u>
Net change in total OPEB liability	6,000,253	(237,909)	(22,345,272)	7,381,075
Total OPEB liability - beginning	<u>198,225,154</u>	<u>198,463,063</u>	<u>220,808,335</u>	<u>213,427,260</u>
Total OPEB liability - ending	<u>\$ 204,225,407</u>	<u>\$ 198,225,154</u>	<u>\$ 198,463,063</u>	<u>\$ 220,808,335</u>
Covered-employee payroll	<u>\$ 243,793,768</u>	<u>\$ 237,268,815</u>	<u>\$ 230,918,555</u>	<u>\$ 226,390,740</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>83.8%</u>	<u>83.5%</u>	<u>85.9%</u>	<u>97.5%</u>
Employer's Fiscal Year Measurement Period	2019-20 <u>2019-20</u>	2018-19 <u>2018-19</u>	2017-18 <u>2017-18</u>	2016-17 <u>2016-17</u>
Total OPEB liability				
Service cost	\$ 12,768,210	\$ 11,840,329	\$ 11,716,332	\$ 11,331,075
Interest	6,241,950	6,094,019	5,608,884	5,234,924
Differences between expected and actual experience	-	7,133,647	-	-
Changes in assumptions	12,470,261	4,779,925	(1,961,364)	-
Benefit payments	<u>(6,884,164)</u>	<u>(6,582,820)</u>	<u>(6,097,600)</u>	<u>(5,807,238)</u>
Net change in total OPEB liability	24,596,257	23,265,100	9,266,252	10,758,761
Total OPEB liability - beginning	<u>188,831,003</u>	<u>165,565,903</u>	<u>156,299,651</u>	<u>145,540,890</u>
Total OPEB liability - ending	<u>\$ 213,427,260</u>	<u>\$ 188,831,003</u>	<u>\$ 165,565,903</u>	<u>\$ 156,299,651</u>
Covered-employee payroll	<u>\$ 215,815,767</u>	<u>\$ 209,529,871</u>	<u>\$ 202,725,000</u>	<u>\$ 202,725,000</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>98.9%</u>	<u>90.1%</u>	<u>81.7%</u>	<u>77.1%</u>

* This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.

See accompanying notes to required supplementary information.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

For the Fiscal Year Ended June 30, 2024

*Last Ten Fiscal Years**

Employer's Fiscal Year Measurement Period	2023-24	2022-23	2021-22
	2022-23	2021-22	2020-21
District's proportion of net OPEB liability	0.3919%	0.3817%	0.3992%
District's proportionate share of net OPEB liability	\$ 1,189,187	\$ 1,257,360	\$ 1,592,354
Covered payroll	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.96%)	(0.94%)	(0.71%)

This liability was not presented in previous audit years, therefore no information is available before the 2020-21 measurement period.

** This schedule is required to show information for ten years; however, until a full ten year trend is compiled, information is presented for those years for which information is available.*

MT. DIABLO UNIFIED SCHOOL DISTRICT

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

NOTE 1 – PURPOSE OF SCHEDULES

Budgetary Comparison Schedule

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the *Governmental Accounting Standards Board* and provisions of the *California Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. 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 adoptions with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for.

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District.

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

Change of assumptions - There were no changes in economic assumptions since the previous valuations for either CalSTRS or CalPERS.

Schedule of Pension Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

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

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 3.65 percent to 3.93 percent since the previous valuation.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES (continued)

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program

This schedule presents information on the District's proportionate share of the net OPEB liability – MPP Program and the plans' fiduciary net position. In the future, as data becomes available, ten years of information will be presented. 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.

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

Change of assumptions – The discount rate was changed from 3.54 percent to 3.65 percent since the previous valuation.

Supplementary Information

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MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2024

	As Reported to CDE		As Audited*	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA & Extended Year:				
Grades TK-3	9,117.05	9,138.55	9,116.80	9,138.36
Grades 4-6	6,464.30	6,458.94	6,464.30	6,458.94
Grades 7-8	4,289.74	4,290.17	4,289.74	4,290.17
Grades 9-12	<u>7,159.02</u>	<u>7,085.90</u>	<u>7,159.02</u>	<u>7,085.90</u>
Total Regular ADA	<u>27,030.11</u>	<u>26,973.56</u>	<u>27,029.86</u>	<u>26,973.37</u>
Special Education, Nonpublic, Nonsectarian Schools:				
Grades TK-3	5.61	6.06	5.61	6.06
Grades 4-6	14.77	15.38	14.77	15.38
Grades 7-8	19.94	19.60	19.94	19.60
Grades 9-12	<u>37.94</u>	<u>37.41</u>	<u>37.94</u>	<u>37.41</u>
Total Special Education, Nonpublic, Nonsectarian Schools ADA	<u>78.26</u>	<u>78.45</u>	<u>78.26</u>	<u>78.45</u>
Total ADA	<u>27,108.37</u>	<u>27,052.01</u>	<u>27,108.12</u>	<u>27,051.82</u>

* Audit adjustments to P2 ADA include 0.25 ADA and 0.19 ADA on the Annual related to Finding 2024-006.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2024

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	36,000	180	Complied
Grade 1	50,400	51,937	180	Complied
Grade 2	50,400	51,937	180	Complied
Grade 3	50,400	51,937	180	Complied
Grade 4	54,000	55,801	180	Complied
Grade 5	54,000	55,801	180	Complied
Grade 6	54,000	55,871	180	Complied
Grade 7	54,000	55,871	180	Complied
Grade 8	54,000	55,871	180	Complied
Grade 9	64,800	64,815	180	Complied
Grade 10	64,800	64,815	180	Complied
Grade 11	64,800	64,815	180	Complied
Grade 12	64,800	64,815	180	Complied

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2024

General Fund	(Budget)			
	2025 ²	2024 ³	2023	2022
Revenues and other financing sources	\$ 454,744,033	\$ 503,301,061	\$ 491,030,162	\$ 429,781,436
Expenditures and other financing uses	500,726,526	486,325,583	438,275,675	389,247,190
Change in fund balance (deficit)	(45,982,493)	16,975,478	52,754,487	40,534,246
Adjustment for restatement	-	13,631,634	-	-
Ending fund balance	\$ 167,234,049	\$ 213,216,542	\$ 182,609,430	\$ 129,854,943
Available reserves ¹	\$ 15,021,796	\$ 29,113,655	\$ 28,733,951	\$ 11,555,921
Available reserves as a percentage of total outgo	3.0%	6.0%	6.6%	3.0%
Total long-term debt	\$ 955,529,504	\$ 995,214,505	\$ 983,336,619	\$ 914,451,030
Average daily attendance at P-2	27,175	27,108	26,512	26,488

The General Fund balance has increased by \$83.4 million over the past two years. The fiscal year 2024-25 revised budget projects a decrease of \$46.0 million. For a district of this size, the state recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo).

The District has incurred an operating deficit in none of the past three years, but anticipates incurring an operating deficit during the 2024-25 fiscal year. Long-term debt has increased by \$80.8 million over the past two years.

ADA increased by 620 compared to 2021-22. Budgeted ADA projects a further increase of 67 for 2024-25.

¹ Available reserves consist of all unassigned fund balances in the General Fund.

² Revised budget September, 2024.

³ 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 Deferred Maintenance Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

MT. DIABLO UNIFIED SCHOOL DISTRICT

*Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2024*

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund
June 30, 2024, annual financial and budget report (SACS) fund balance	\$ 199,975,989	\$ 15,807,742	\$ 56,875,009	\$ 41,344,620
Adjustments and reclassifications:				
Increasing (decreasing) the fund balance:				
Fair Value Adjustment to Cash in County				
Treasury overreported	1,004,567	-	728,506	317,595
Inventory overreported	-	(263,161)	-	-
Lease receivables not reported	2,255,389	-	-	-
Accounts payable overreported	13,605,297	-	-	-
Accounts payable underreported	(1,411,066)	-	(11,495,116)	-
Deferred inflows from leases not reported	<u>(2,213,634)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net adjustments and reclassifications	<u>13,240,553</u>	<u>(263,161)</u>	<u>(10,766,610)</u>	<u>317,595</u>
June 30, 2024, audited financial statement fund balance	<u>\$ 213,216,542</u>	<u>\$ 15,544,581</u>	<u>\$ 46,108,399</u>	<u>\$ 41,662,215</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Charter Schools
For the Fiscal Year Ended June 30, 2024

<u>Charter School</u>		<u>Inclusion in Financial Statements</u>
<u>Name</u>	<u>Number</u>	
Eagle Peak Montessori	0305	Not included
Rocketship Futuro Academy	1805	Not included

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Sub-total Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Basic	10.553	13525	\$ 653,020	
School Breakfast Program - Especially Needy	10.553	13526	1,280,134	
National School Lunch Program	10.555	13523	5,221,111	
USDA Donated Foods	10.555	N/A	1,152,914	
Supply Chain Assistance	10.555	15655	782,363	
Local Food for Schools	10.555	15708	<u>198,393</u>	
Total Child Nutrition Cluster				\$ 9,287,935
Passed through California Dept. of Social Services (CDSS):				
Child and Adult Care Food Program:				
Child and Adult Care Food Program	10.558	13393	1,701,616	
Cash in Lieu of Commodities	10.558	N/A	<u>102,981</u>	
Total Child and Adult Care Food Program				<u>1,804,597</u>
Total U.S. Department of Agriculture				<u>11,092,532</u>
U.S. Department of Defense:				
Junior Reserve Officers' Training Corps				
	12.000	N/A		<u>161,959</u>
Total U.S. Department of Defense				<u>161,959</u>
U.S. Department of Labor:				
Passed through California Dept. of Education (CDE):				
Workforce Innovation and Opportunity Act (WIOA) - Youth Program				
	17.259	10055		<u>336,882</u>
Total U.S. Department of Labor				<u>336,882</u>
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Education - State Grants:				
Adult Basic Education and ESL	84.002A	14508	234,480	
Adult Secondary Education	84.002	13978	89,497	
English Literacy and Civics Education	84.002A	14109	<u>123,475</u>	
Total Adult Education - State Grants				447,452
Every Student Succeeds Act (ESSA):				
Title I Grants to Local Educational Agencies:				
Title I, Part A, Basic Grants, Low-Income and Neglected	84.010	14329	4,808,799	
School Improvement Funding for LEAs	84.010	15438	<u>602,804</u>	
Total Title I Grants				5,411,603
Title II, Part A, Supporting Effective Instruction	84.367	14341		883,310
English Language Acquisition State Grants:				
Title III, Immigrant Student Program	84.365	15146	46,548	
Title III, English Learner Student Program	84.365	14346	<u>1,132,501</u>	
Subtotal English Language Acquisition State Grants				1,179,049
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		<u>225,467</u>

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (continued)
For the Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Sub-total Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Early Intervention Grants	84.181	23761		161,463
Career and Technical Education - Basic Grants to States:				
Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Section 131	84.048	14894	306,560	
Strengthening Career and Technical Education for the 21st Century (Perkins V): Adult, Section 132	84.048	14893	<u>26,618</u>	
Total Career and Technical Education - Basic Grants to States				333,178
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement	84.027	13379	8,740,681	
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	151,843	
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	271,975	
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	342,252	
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,440	
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	<u>14,807</u>	
Total Special Education (IDEA) Cluster				<u>9,522,998</u>
COVID-19 Education Stabilization Funds:				
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	1,000,781	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	16,591,803	
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	451,935	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund: Learning Loss	84.425U	10155	7,747,038	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	143,700	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Learning Loss	84.425U	15621	<u>3,233,028</u>	
Subtotal Education Stabilization Funds				<u>29,168,285</u>
Total U.S. Department of Education				<u>47,332,805</u>
U.S. Department of Health & Human Services:				
Head Start Cluster:				
Early Head Start- Child Care Partnership Grant Program	93.600	01039		88,457
Temporary Assistance for Needy Families (TANF)	93.558	N/A		<u>408,924</u>
Total U.S. Department of Health & Human Services				<u>497,381</u>
Total Expenditures of Federal Awards				<u>\$ 59,421,559</u>

Of the federal expenditures presented in the schedule, the District provided no awards to sub-recipients.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Note to the Supplementary Information

June 30, 2024

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Average Daily Attendance (ADA)

Average daily attendance (ADA) is a measurement of the number of pupils attending classes of the District. The purpose of attendance accounting from a fiscal standpoint is to provide the basis on which apportionments of State funds are made to school districts. This schedule provides information regarding the attendance of students at various grade levels and in different programs.

Schedule of Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with Article 8 (commencing with Section 46200) of Chapter 2 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 Unaudited Actual financial report to the audited financial statements.

Schedule of Charter Schools

This schedule lists all charter schools chartered by the District, and displays information for each charter school and whether or not the charter school is included in the District audit.

Schedule of Expenditures of Federal Awards

The schedule of expenditures of Federal awards includes the Federal grant activity of the District and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. The District did not elect to use the ten percent de minimis indirect cost rate.

The following schedule provides a reconciliation between revenues reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		\$ 59,829,395
Differences between Federal Revenues and Expenditures:		
Federal interest subsidies	N/A	<u>(407,836)</u>
Total Schedule of Expenditures of Federal Awards		<u>\$ 59,421,559</u>

Other Information

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MT. DIABLO UNIFIED SCHOOL DISTRICT
Local Educational Agency Organization Structure
For the Fiscal Year Ended June 30, 2024

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

BOARD OF EDUCATION

Member	Office	Term Expires
Erin McFerrin	President	2024
Linda Mayo	Vice President	2026
Cherise Khaund	Trustee	2026
Debra Mason	Trustee	2026
Keisha Nzewi	Trustee	2024

ADMINISTRATION

Adam Clark, Ed.D.,
Superintendent

Samantha Allen,
Chief, Educational Services

Dr. Wendi Aghily,
Chief, Pupil Services and Special Education

Adrian Vargas,
Chief Business Officer

Dr. John Rubio,
Chief, Human Resources

Other Independent Auditors' Reports

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INDEPENDENT AUDITORS' 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

Governing Board
Mt. Diablo Unified School District
Concord, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mt. Diablo Unified School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 12, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2024-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2024-002 to be a significant deficiency.

Report on Compliance and Other Matters

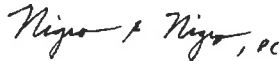
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

Mt. Diablo Unified School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Murrieta, California
December 12, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board
Mt. Diablo Unified School District
Concord, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Mt. Diablo Unified School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Mt. Diablo Unified School District's major federal programs for the year ended June 30, 2024. The Mt. Diablo Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Mt. Diablo Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Mt. Diablo Unified School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Mt. Diablo Unified School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Mt. Diablo Unified School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Mt. Diablo Unified School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Mt. Diablo Unified School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Mt. Diablo Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Mt. Diablo Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Mt. Diablo Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as Finding 2024-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Mt. Diablo Unified School District's response to the noncompliance finding identified in our audit described in the accompanying schedule of findings and questioned costs. The Mt. Diablo Unified School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

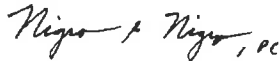
Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as Finding 2024-003 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Murrieta, California
December 12, 2024



INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Governing Board
Mt. Diablo Unified School District
Concord, California

Report on Compliance

Opinion

We have audited the Mt. Diablo Unified School District's (District) compliance with the requirements specified in the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* applicable to the District's state program requirements identified below for the year ended June 30, 2024.

In our opinion, Mt. Diablo Unified School District complied in all material aspects, with the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above, and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Mt. Diablo Unified School District's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the 2023-24 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the 2023-24 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit;
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances;
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the 2023-24 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Description	Procedures Performed
Local Education Agencies Other Than Charter Schools:	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	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
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Charter Schools:	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes – Classroom-Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

Areas marked as “Not Applicable” were not operated by the District.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify in the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as Findings 2024-004 through 2024-007. Our opinion on each state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District’s response to the noncompliance findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.


Report on 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, the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 *2023-24 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Nijro & Nijro, PC".

Murrieta, California
December 12, 2024

Schedule of Findings and Questioned Costs

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MT. DIABLO UNIFIED SCHOOL DISTRICT

Summary of Auditors' Results

For the Fiscal Year Ended June 30, 2024

Financial Statements

Type of auditors' report issued	<u>Unmodified</u>
Internal control over financial reporting:	
Material weakness(es) identified?	<u>Yes</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>Yes</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiency(s) identified not considered to be material weaknesses?	<u>Yes</u>
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516 (a)?	<u>Yes</u>

Identification of major programs:

Assistance Listing

<u>Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>10.553, 10.555</u>	<u>Child Nutrition Cluster</u>
<u>10.558</u>	<u>Child and Adult Care Food Program</u>
<u>84.425D & 84.425U</u>	<u>Education Stabilization Fund</u>

Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 1,782,647</u>
Auditee qualified as low-risk auditee?	<u>No</u>

State Awards

Type of auditors' report issued on compliance for state programs:	<u>Unmodified</u>
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MT. DIABLO UNIFIED SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2024

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*. Pursuant to Assembly Bill (AB) 3627, all audit findings must be identified as one or more of the following categories:

<u>Five Digit Code</u>	<u>AB 3627 Finding Types</u>
10000	Attendance
20000	Inventory of Equipment
30000	Internal Control
40000	State Compliance
42000	Charter School Facilities Programs
43000	Apprenticeship: Related and Supplemental Instruction
50000	Federal Compliance
60000	Miscellaneous
61000	Classroom Teacher Salaries
62000	Local Control Accountability Plan
70000	Instructional Materials
71000	Teacher Misassignments
72000	School Accountability Report Card

Finding 2024-001: Capital Assets Reporting (20000, 30000)

Repeat Finding? Yes, repeat of Finding 2023-001

Criteria: Education Code 35168 requires LEAs to maintain a historical inventory of all equipment whose current market value exceeds \$500. Federal regulations also require government agencies to maintain detailed inventory records for all equipment purchased with federal funds. Furthermore, the California School Accounting Manual (CSAM) describes policies and procedures that should be adopted and implemented by LEAs in order to maintain a detailed inventory of capital assets. Finally, Governmental Accounting Standards Board (GASB) Statement No.34 requires presentation of all capital assets at historical cost in addition to an annual allowance for depreciation in order for financial statements to be presented in accordance with accounting standards generally accepted in the United States of America.

Condition: During our review of the District's capital assets, we noted the following deficiencies:

- The District does not maintain adequate inventory records to support the net balance of \$598,706,655 reported for these assets in the audit. The amount of capital additions during the fiscal year reconciles to the amounts reported for capital outlay expenditures, but there is no detailed inventory to support the amounts reported as ending balances. This is especially critical for Construction In Progress (CIP), which is a substantial component of capital assets since the District is investing significant costs into modernization and construction through the issuance of general obligation bonds.
- Because there is no detailed asset inventory, the District is unable to calculate depreciation on individual assets. The District calculates depreciation expense by taking the entire ending balance by category and dividing by an average life of 20 years for improvements, 50 years for buildings, and 15 years for equipment.
- Furthermore, the District does not account for disposals of assets, so no disposals are reported.

Cause: The District has not had controls in place to ensure accurate records of additions, disposals, and depreciation for several years due to a shortage of accounting staff in the Business Office.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Financial Statement Findings

For the Fiscal Year Ended June 30, 2024

Finding 2024-001: Capital Assets Reporting (20000, 30000) (continued)

Effect: We are unable to confirm the amounts reported in the District's financial statements for capital assets, including depreciation. As a result, the District's capital assets are susceptible to theft or fraud, and are at risk of being materially misstated in the financial statements.

Recommendation: We recommend that the District hire an asset valuation company to perform a full inventory and valuation of capital assets. Additionally, we recommend that at the completion of the valuation the District design and implement controls to ensure that it has an accurate record of capital assets going forward and can properly calculate annual depreciation.

Views of Responsible Officials: The District agrees with the auditor's recommendation as stated above as well as looking to fill the Contract Analyst position vacancy which includes a fixed assets component to the job.

Finding 2024-002: Bank Accounts (30000)

Repeat Finding? No

Criteria: Sound business practices over cash maintained in banks including maintaining electronic and physical access to all bank accounts, receiving and reconciling monthly bank statements on a timely basis, and maintaining adequate separation of duties.

Condition: The District maintains approximately 250 bank accounts, most of which are at school sites. Most of the schools have at least three accounts for ASB, clearing, and revolving. While the District was able to provide copies of the bank statements and reconciliations for most of these accounts, it could not provide us with all of them. Five bank accounts were missing the June 30 bank statements, and thirteen accounts did not have a completed bank reconciliation.

Cause: The District has experienced turnover in the accounting office and locating bank statements and reconciliations has been more challenging for the staff.

Effect: The dollar amounts in the accounts is relatively small, but without someone reviewing and reconciling the accounts, fraudulent activity could occur and go undetected.

Recommendation: We recommend that the District consider reducing the number of bank accounts that it maintains. Aside from that, the responsibility for maintaining and reviewing 250 separate bank accounts is a massive monthly undertaking that should be spread out among different employees in the accounting department.

Views of Responsible Officials: While the District agrees, it acknowledges that personnel changes at the school sites have also contributed to the issue. To address this, the District will continue working with sites by providing periodic training on proper financial procedures, and require the timely collection and review of bank reconciliations.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Federal Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

This section identifies the audit findings required to be reported by the Uniform Guidance, Section 200.516 (e.g., significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

Finding 2024-003: Time and Effort Requirements (50000)

Repeat Finding? No

Assistance Listing No. 84.425 – Education Stabilization Funds (ESSER)
U.S. Department of Treasury
Passed through California Department of Education

Criteria: To support salaries and wages for employees that work on federal programs, local educational agencies (LEAs) are required to maintain time and effort records that accurately reflect the work performed. These time and effort records must: (1) be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (2) be incorporated into the official records of the LEA; (3) reasonably reflect the total activity for which the employee is compensated by the LEA, not exceeding 100% of compensated activities; (4) encompass both federally assisted and all other activities compensated by the LEA on an integrated basis, but may include the use of subsidiary records as defined in the LEA's written policy; (5) comply with the established accounting policies and practices of the LEA; and (6) support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. Budget estimates or percentages determined before the services are performed alone do not qualify as support for charges to Federal awards.

Condition: Three employees out of a sample of 25 total had exceptions related to proper time accounting documentation. One employee was missing time accounting documentation for the months of August and September 2023. The employee was terminated during the year; however, there was no time accounting done for August or September while the employee was active. Two other employees' time accounting documentation was not signed until after the close of the fiscal year in which they were accounted for.

Cause: The exceptions appear to be isolated situations and not a systemic problem. The District did not have sufficient time and effort procedures to ensure that their records were supported by appropriate documentation.

Effect: The District could be required to reimburse ESSER III funds using an unrestricted funding source.

Questioned Costs: The District did not provide documentation for \$22,155 charged to ESSER programs. Specifically, the District failed to provide sufficient documentation to support salaries charged to ESSER III – Resource 3213.

Context: Three employees out of a sample of 25 total had exceptions related to proper time accounting documentation.

Recommendation: The District must update its time and effort records and policies and procedures to ensure that all salaries and wages charged to federal programs are properly supported by a system on internal controls. Specifically, the time and effort records must accurately reflect the work performed and encompass all activities of the employee, both federal and non-federal, and be signed in a timely manner.

Views of Responsible Officials: The District agrees with the auditor's recommendation as stated above.

MT. DIABLO UNIFIED SCHOOL DISTRICT
State Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

Finding 2024-004: Instructional Materials (70000)

Repeat Finding? Yes, repeat of Finding 2023-003

Criteria: Education Code Section 60119(a)(2)(A) states: If the governing board of a school district determines that there are insufficient textbooks or instructional materials, or both, the governing board shall provide information to classroom teachers and to the public setting forth, in the resolution, for each school in which an insufficiency exists, the percentage of pupils who lack sufficient standards-aligned textbooks or instructional materials in each subject area and the reasons that each pupil does not have sufficient textbooks or instructional materials, or both, and take any action, except an action that would require reimbursement by the Commission on State Mandates, to ensure that each pupil has sufficient textbooks or instructional materials, or both, within two months of the beginning of the school year in which the determination is made.

Condition: The District passed a resolution stating that there were insufficient textbooks and instructional materials but did not provide additional information as required.

Context: Not applicable.

Cause: The District incorrectly used the same board resolution that had been used in previous years, when in fact, sufficient textbooks and instructional materials were provided.

Effect: There is no financial penalty associated with this finding.

Recommendation: We recommend that the District correct the resolution as soon as possible to clarify that there are sufficient textbooks and instructional materials, if indeed that is the case.

Views of Responsible Officials: Due to a grammatical error in the Board approved 2023/24 Textbook Sufficiency Resolution, Mt. Diablo Unified School District will take the following actions to resolve this audit finding:

- A corrected 2023/24 Textbook Sufficiency Resolution documenting sufficiency in instructional materials was brought back to the School Board at the January 17, 2024 Board Meeting for information and approval.

Finding 2024-005: Home to School Transportation Reimbursement (40000)

Repeat Finding? No

Criteria: Expenditures coded to function 3600 must be consistent with the definition in Procedure 325 in the California School Accounting Manual (CSAM).

Condition: During our testing of expenditures, we noted an expenditure coded to function 3600 that was unallowable. The expenditure was \$400 for repairs on a District vehicle that is not used for home to school transportation.

Cause: The District was coding all transportation-related expenditures to function 3600.

Context: One expenditure in a sample of 25 was unallowable.

MT. DIABLO UNIFIED SCHOOL DISTRICT
State Award Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2024

Finding 2024-005: Home to School Transportation Reimbursement (40000) (continued)

Effect: See the calculation of estimated dollar impact below:

	Total Unadjusted HTS Transportation Expenditures	Total Unallowable HTS Transportation Expenditures	Total Adjusted HTS Transportation Expenditures	
HTS Transportation Expenditures	\$ 1,177,762	\$ 400	\$ 1,177,362	
Reimbursement percentage pursuant to EC 4180.1(a)(1)	60%		60%	
Expenditure Amount for Reimbursement Calculation	\$ 706,657		\$ 706,417	
Estimated Dollar Impact				\$ 240

Recommendation: We recommend that the District review its coding of expenditures to function 3600 and ensure that only those expenditures that align with the CSAM definition are charged to this function.

Views of Responsible Officials: The District agrees with the auditor’s recommendation as stated above. The District has already taken steps to address this by meeting with staff to provide clear guidance on expenses that should be charged to Function 3600 in accordance with the CSAM definition.

Finding 2024-006: Immunizations (40000)

Repeat Finding? No

Criteria: Title 17, California Code of Regulations section 6025 requires that that each kindergarten pupil have two doses of a varicella vaccine and two doses of a measles vaccine prior to admission or have a current medical exemption from varicella and measles immunization on file.

Condition: One kindergarten student was found that did not have the required two doses of varicella vaccine and two doses of measles vaccine prior to admission. The student was admitted to El Monte Elementary School and the District started claiming ADA on 8/10/2023. We verified with the student's immunization record that student did not receive their first dose of both varicella and measles vaccine until 2/4/2020. We then verified that the second dose was not received until 10/6/2023, which is more than four months after the first dose was given. Therefore, no ADA is allowed to be claimed before 10/6/2023 and 35 days will have to be removed from the student's ADA.

Cause: The student was allowed to start school, but the school nurse attempted to follow up and was finally able to get the student the required second dose.

Context: The kindergarten student exception was isolated to one student in a sample of ten, all of which were tested at one school site.

MT. DIABLO UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2024

Finding 2024-006: Immunizations (40000) (continued)

Effect: The loss of 35 days of apportionment equals 0.25 ADA for this pupil as of P2, which must be disallowed. Based on the CDE's "Derived Value of ADA", the loss of ADA has a dollar value of \$3,003.42 (0.25 ADA x \$12,013.69). The exception also results in a loss of 0.19 ADA on the Annual report of attendance.

Recommendation: The District needs to assign appropriate staff familiar with the immunization requirements to ensure that every student in kindergarten meets all of the requirements prior to enrolling.

Views of Responsible Officials: The District agrees with the auditor's recommendation as stated above and will take steps to ensure students meet all immunization requirements prior to enrolling.

Finding 2024-007: Expanded Learning Opportunities Program (40000)

Repeat Finding? No

Criteria: According to Education Code 46120(b)(1)(B)(i), for at least 30 nonschool days, inclusive of extended school year days provided pursuant to paragraph (3) of subdivision (b) of Section 56345, no fewer than nine hours of in-person expanded learning opportunities per day must be provided. (ii) Extended year days may include in-person before or after school expanded learning opportunities that, when added to daily instructional minutes, recess, and meals, are not fewer than nine hours combined instructional time, recess, meals, and expanded learning opportunities per instructional day. In addition, the Education Code 46120(g)(6) states "For a local education agency receiving an expanded learning opportunity program apportionment, transportation shall be provided for any pupil who attends a school that is not operating an expanded learning opportunity program to attend a location that is providing an expanded learning opportunity program and to return to their original location or another location that is established by the local education agency."

Condition: The District only offered 13 out of the required 30 non-instructional days. Not all sites operated the ELOP program at their own location for the Summer 2024 intersession, which consisted of 17 non-instructional days. The District was required to provide transportation to any pupil who is attending from another location, however, the District was unable to provide documentation to prove that transportation was offered for any of those 17 non-instructional days.

Cause: The District failed to provide transportation to those students who were not regular students of the hosting location.

Context: The District was out of compliance with 17 out of the 30 non-instructional days.

MT. DIABLO UNIFIED SCHOOL DISTRICT

State Award Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2024

Finding 2024-007: Expanded Learning Opportunities Program (40000) (continued)

Effect: The District cannot count 17 of the non-instructional days towards the required 30 non-instructional days due to not offering transportation to those students who were not regular students of the hosting location. The financial penalty for not operating for 30 non-instructional days is \$1,064,876.

ELO-P Entitlement Calculation based on Rate 1 or Rate 2	Enter entitlement amount from the LEA's ELO-P P-2 funding exhibit, Line C-8.	\$	13,049,948
Section B - Days	Section B - Days		
Instructional Days	Enter the number of instructional days		180
ELO-P offered on instructional days totaling 9 hours [EC 46120(b)(1)(A)]	Enter the number of instructional days in which ELO-P was operated to meet the 9 hours requirement pursuant to EC 46120(b)(1)(A) or (C)		180
Required Intersession ELO-P days	Preload		30
Actual ELO-P intersession days totaling 9 hours	Enter the number of actual ELO-P intersession days totaling 9 hours pursuant to EC 46120(b)(1)(B) or (C)		13
ELO-P days short	Calculated field		17
Penalty Factor	Preload [EC 46120(c)(3)]		0.0048
Penalty Calculation	Calculated field	\$	1,064,876
Total Penalty	Calculated field	\$	1,064,876

Recommendation: The District should ensure all sites that are operating the ELOP program at another site are being offered transportation, and that transportation is provided in a way that allows all eligible students to attend without causing a barrier to attendance.

Views of Responsible Officials: The District agrees with the auditor's recommendation as stated above.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2024

Original Finding No.	Finding	Code	Recommendation	Current Status
2023-001 - Capital Assets Reporting	<p>Education Code 35168 requires LEAs to maintain a historical inventory of all equipment whose current market value exceeds \$500. Federal regulations also require government agencies to maintain detailed inventory records for all equipment purchased with federal funds. Furthermore, the California School Accounting Manual (CSAM) describes policies and procedures that should be adopted and implemented by LEAs in order to maintain a detailed inventory of capital assets. Finally, Governmental Accounting Standards Board (GASB) Statement No.34 requires presentation of all capital assets at historical cost in addition to an annual allowance for depreciation in order for financial statements to be presented in accordance with accounting standards generally accepted in the United States of America.</p>	20000, 30000	<p>We recommend that the District hire an asset valuation company to perform a full inventory and valuation of capital assets. Additionally, we recommend that at the completion of the valuation the District design and implement controls to ensure that it has an accurate record of capital assets going forward and can properly calculate annual depreciation.</p>	<p>Not Implemented: See Finding 2024-001</p>
	<p>During our review of the District's capital assets, we noted the following deficiencies:</p>			
	<ul style="list-style-type: none"> The District does not maintain adequate inventory records to support the net balance of \$575,462,794 reported for these assets on Form ASSET. The amount of capital additions during the fiscal year reconciles to the amounts reported for capital outlay expenditures, but there is no detailed inventory to support the amounts reported as ending balances. This is especially critical for Construction In Progress (CIP), which is a substantial component of capital assets, since the District is investing significant costs into modernization and construction through the issuance of general obligation bonds. 			

MT. DIABLO UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2024

Original Finding No.	Finding	Code	Recommendation	Current Status
	<ul style="list-style-type: none"> Because there is no detailed asset inventory, the District is unable to calculate depreciation on individual assets. The District calculates depreciation expense by taking the entire ending balance by category and dividing by an average life of 20 years for improvements, 50 years for buildings, and 15 years for equipment. <p>Furthermore, the District does not account for disposals of assets, so no disposals are reported.</p>	20000, 30000		
2023-002: <i>Teacher Credentials</i>	<p>Any teacher that is assigned to teach a class must be assigned consistently with the authorization of his/her certification unless otherwise authorized by law pursuant to a governing board resolution in conformance with subdivision (b) of Education Code Section 44256, 44258.2, 44258.3, or 44263 or the approval of a committee on assignments pursuant to subdivision (c) or (d) of Education Code Section 44258.7.</p> <p>It was noted that out of the thirty teachers randomly selected for teacher credential testing, two teachers were assigned to teach in a position which was not consistent with the authorization of his/her certification. The teachers in question were working in a departmentalized structure with a general credential.</p>	40000	We recommend that the District verify all certificated employees involved in instruction have a valid teacher credential and are teaching subjects consistent with their authorized certification	Implemented.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2024

Original Finding No.	Finding	Code	Recommendation	Current Status
2023-003: <i>Instructional Materials</i>	<p>Education Code Section 60119(a)(2)(A) states: If the governing board of a school district determines that there are insufficient textbooks or instructional materials, or both, the governing board shall provide information to classroom teachers and to the public setting forth, in the resolution, for each school in which an insufficiency exists, the percentage of pupils who lack sufficient standards-aligned textbooks or instructional materials in each subject area and the reasons that each pupil does not have sufficient textbooks or instructional materials, or both, and take any action, except an action that would require reimbursement by the Commission on State Mandates, to ensure that each pupil has sufficient textbooks or instructional materials, or both, within two months of the beginning of the school year in which the determination is made.</p> <p>The District passed a resolution stating that there were insufficient textbooks and instructional materials but did not provide additional information as required.</p>	70000	Since the same resolution was used for the current 2023-24 fiscal year, and as such will be a repeat finding in the next audit, we recommend that the District correct the resolution as soon as possible to clarify that there are sufficient textbooks and instructional materials, if indeed that is the case.	Not Implemented: See Finding 2024-004



To the Governing Board
Mt. Diablo Unified School District
Concord, California

In planning and performing our audit of the basic financial statements of Mt. Diablo Unified School District for the year ending June 30, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control structure.

However, during our audit we noted matters that are an opportunity for strengthening internal controls and operating efficiency. The following items represent conditions noted by our audit that we consider important enough to bring to your attention. This letter does not affect our report dated December 12, 2024 on the financial statements of Mt. Diablo Unified School District.

ASSOCIATED STUDENT BODY (ASB)

Observation: During our review of disbursements, we noted that approvals are not consistently obtained prior to making a purchase. Although the exceptions appear to be isolated, issuing payment for expenditures without proper approvals and supporting documentation can provide the opportunity for the misappropriation of student funds. Additionally, Ed Code 48933(b) requires approval of expenditures by a District representative, the ASB advisor, and a student representative, prior to the issuance of funds.

Recommendation: We recommend that the schools require all approvals and appropriate supporting documentation prior to issuing disbursements to ensure that student funds are being properly spent.

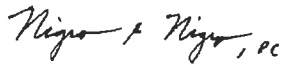
Observation: In our testing of cash receipts at Concord High, we found that 4 of the 10 deposits sampled lacked sufficient supporting documentation. At Northgate High, we found that 1 of the 10 deposits sampled lacked sufficient supporting documentation. In all cases, the only documentation was a signed cash count sheet. There were no tally sheets, individual pre-numbered receipts, or other point of collection documentation, which made it impossible to tie the cash collected by advisors to the actual amount turned in to the bookkeeper.

Recommendation: Supporting documentation such as order forms, ticket control worksheets, pre-numbered receipts, and/or other point of sale documentation should be maintained for all transactions. Sound internal controls for handling cash discourage theft of ASB funds and protect those who handle the cash. It is important to tie all proceeds to the specific fundraiser from which they were generated and to ensure that all proceeds from an event are turned in and properly accounted for. We recommend that before any events are held, control procedures should be established that will allow for the reconciliation between the money collected and fundraiser sales.

Observation: During our testing at Concord High, Northgate High, and El Dorado Middle, we noted that bank reconciliations were not prepared in a timely manner. At Concord High, Northgate High, and El Dorado Middle, the bank reconciliations also identified stale-dated checks, which are defined as checks older than six months old. Some outstanding checks were as old as 2016.

Recommendation: Timely and accurate bank reconciliations are prudent and necessary to ensure that the accounting records match the amounts held on deposit. We recommend the bookkeeper perform monthly bank reconciliations within two weeks after the statement arrives. Furthermore, the Principal or ASB Advisor should review the bank reconciliation and initial and date the bank statement and reconciliation as evidence they were reviewed. Review of the bank reconciliations by someone other than the ASB Bookkeeper is an important internal control to detect errors and possible questionable or suspicious activity. Stale-dated checks should be identified and written off.

We will review the status of the current year comments during our next audit engagement.



Murrieta, California
December 12, 2024