MT. DIABLO UNIFIED SCHOOL DISTRICT

CONTRA COSTA COUNTY

AUDIT REPORT

For the Fiscal Year Ended
June 30, 2023

NIGRO & NIGRO PC

MT. DIABLO UNIFIED SCHOOL DISTRICT

For the Fiscal Year Ended June 30, 2023
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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, 2023, 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, 2023, and the respective changes in financial position 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 *2022-23 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.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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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 LEA Organization Structure and 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 LEA Organization Structure and the Schedule of Charter Schools, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The LEA Organization Structure and the Schedule of Charter Schools have 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 Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated December 13, 2023 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.

Nigro & Nigro, PC

Murrieta, California
December 13, 2023

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, 2023. 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 $56.8 million, or 31.6%.
- Governmental expenses were about $494.1 million. Revenues were about $550.9 million.
- The District acquired over $47.4 million in new capital assets during the year.
- Governmental funds increased by $21.6 million, or 6.6%.
- Reserves for the General Fund increased by $17.2 million. Revenues were $491.0 million, and expenditures and other financing uses were $438.3 million.

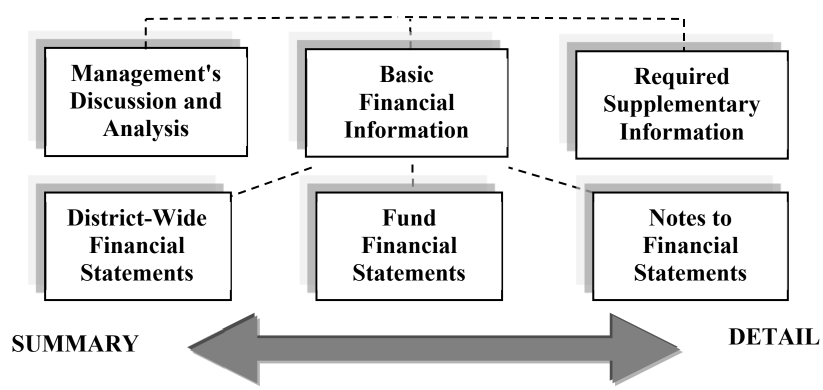
OVERVIEW OF THE FINANCIAL STATEMENTS

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



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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position. The District's combined net position was higher on June 30, 2023, than it was the year before – increasing 31.6% to $(122.8) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		
	2023	2022	Net Change
Assets			
Current assets	$ 416,268,855	$ 364,762,719	$ 51,506,136
Capital assets	575,462,796	551,606,297	23,856,499
Total assets	991,731,651	916,369,016	75,362,635
Total Deferred outflows of resources	116,050,155	82,240,689	33,809,466
Liabilities			
Current liabilities	77,417,982	44,970,941	32,447,041
Long-term liabilities	983,336,619	914,451,030	68,885,589
Total liabilities	1,060,754,601	959,421,971	101,332,630
Total Deferred inflows of resources	169,781,445	218,717,209	(48,935,764)
Net position			
Net investment in capital assets	164,001,636	177,634,098	(13,632,462)
Restricted	171,574,507	130,061,569	41,512,938
Unrestricted	(458,330,383)	(487,225,142)	28,894,759
Total net position	$ (122,754,240)	$ (179,529,475)	$ 56,775,235

Changes in net position, governmental activities. The District's total revenues increased 10.2% to $550.9 million (See Table A-2). The increase is due primarily to increased federal and state grant funds.

The total cost of all programs and services increased 24.0% to $494.1 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 4.9% of total costs. The increase in costs was due to increased spending from federal and state grant funds, increased salaries and benefits, and increased pension costs.

Table A-2: Statement of Activities

	Governmental Activities		
	2023	2022	Net Change
Revenues			
Program Revenues:			
Charges for services	$ 7,458,075	$ 4,405,719	$ 3,052,356
Operating grants and contributions	164,212,253	134,709,726	29,502,527
Capital grants and contributions	73,239	19,101	54,138
General Revenues:			
Property taxes	231,535,096	224,605,988	6,929,108
Federal and state aid not restricted	135,458,741	131,381,494	4,077,247
Other general revenues	12,127,785	4,910,524	7,217,261
Total Revenues	550,865,189	500,032,552	50,832,637
Expenses			
Instruction-related	323,147,833	266,028,700	57,119,133
Pupil services	57,655,129	46,928,960	10,726,169
Administration	24,238,459	19,884,634	4,353,825
Plant services	66,639,933	55,998,626	10,641,307
All other activities	22,408,600	9,774,052	12,634,548
Total Expenses	494,089,954	398,614,972	95,474,982
Increase (decrease) in net position	$ 56,775,235	$ 101,417,580	$ (44,642,345)
Total Net Position	$ (122,754,240)	$ (179,529,475)	

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 $346.6 million, which is above last year's ending fund balance of $325.1 million. The primary cause of the increased fund balance is increased federal and state grant funds.

Table A-3: The District's Fund Balances

	Fund Balances				
Fund	July 1, 2022	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2023
General Fund	$ 129,854,943	$ 491,030,162	$ 433,234,225	$ (5,041,450)	$ 182,609,430
Student Activities Fund	845,793	817,271	952,656	-	710,408
Adult Education Fund	2,590,048	7,195,108	6,639,167	-	3,145,989
Cafeteria Fund	9,658,337	17,811,944	15,703,283	41,450	11,808,448
Deferred Maintenance Fund	-	-	2,795,464	5,000,000	2,204,536
Building Fund	107,464,703	2,112,278	33,658,187	-	75,918,794
Capital Facilities Fund	16,604,475	5,727,468	379,551	-	21,952,392
County School Facilities Fund	3,425,268	73,240	-	-	3,498,508
Capital Projects Fund for Blended Component Units	4,563,210	1,574,502	6,106,109	-	31,603
Bond Interest and Redemption Fund	50,044,336	46,815,913	52,422,632	308,764	44,746,381
Totals	$ 325,051,113	$ 573,157,886	$ 551,891,274	$ 308,764	$ 346,626,489

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 $94.7 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – decreased $0.7 million to reflect revised cost estimates.
- Other non-personnel expenses – increased $72.5 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that revenues would exceed expenditures by about $15.6 million, the actual results for the year show that revenues exceeded expenditures by roughly $57.8 million. Actual revenues were $23.8 million less than anticipated, and expenditures were $66.0 million less than budgeted.

That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2023, that will be carried over into the 2023-24 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2022-23 the District had acquired $47.4 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 $23.5 million.

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

	Governmental Activities					
	2023		2022		Net Change	
Land	$	14,436,462	$	14,436,462	$	-
Buildings and improvements		464,150,639		475,891,592		(11,740,953)
Equipment		6,232,657		3,599,673		2,632,984
Construction in progress		90,643,038		57,678,570		32,964,468
Total	$	575,462,796	$	551,606,297	$	23,856,499

Long-Term Debt

At year-end the District had $983.3 million in long-term liabilities – an increase of 7.5% 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					
	2023		2022		Net Change	
General obligation bonds	$	477,354,796	$	515,911,391	$	(38,556,595)
Certificates of participation		12,533,496		15,580,232		(3,046,736)
Construction loan		3,104,580		3,447,126		(342,546)
Supplemental Employee Retirement Plan		3,466,640		5,199,960		(1,733,320)
Compensated Absences		5,331,065		4,019,258		1,311,807
Other postemployment benefits		199,482,514		198,463,063		1,019,451
Net pension liability		282,063,528		171,830,000		110,233,528
Total	$	983,336,619	$	914,451,030	$	68,885,589

FACTORS BEARING ON THE DISTRICT'S FUTURE

State Budget
The Legislature passed an initial budget package on June 15, 2023. The Legislature's budget package adopted LAO estimates of local property tax revenues, which resulted in an increase to the Proposition 98 guarantee by $2.1 billion across 2022-23 and 2023-24. The legislative package used this additional funding primarily to help maintain previously approved programs. Relative to the May Revision, the Legislature's budget package also: (1) reallocated projected unspent funds in child care and State Preschool programs to increase provider rates and reduce family fees beginning October 1, 2023; (2) included a slightly different mix of reductions as the Governor from climate change-related packages (although a similar overall level); (3) restored $1 billion in 2023-24 in proposed General Fund reductions to transit capital funding and added flexibility to allow local agencies to use this funding for operations; (4) rejected the Governor's proposals to use General Fund cash to pay for certain capital outlay project costs, instead using lease revenue bond financing to pay for these costs; and (5) accelerated the time line to spend funds for MCO tax-related augmentations to around four years from eight to ten years. The Legislature passed an amended budget act and associated trailer bills on June 27, 2023 and June 29, 2023.

K-14 Education
Funds Modest Increase in School and Community College Funding
The Proposition 98 minimum guarantee depends upon various formulas that adjust for several factors, including changes in state General Fund revenue. For 2022-23, the guarantee is down $3 billion (2.7 percent) compared with the estimates made in June 2022. The decrease in the guarantee is primarily attributable to lower General Fund revenue estimates, somewhat offset by higher local property tax revenue. For 2023-24, the guarantee increases by $953 million (0.9 percent) relative to the revised 2022-23 level. For 2023-24, projected increases in property tax revenue offset declines associated with lower General Fund revenue estimates.

Increase in Required Reserve Deposits
In certain circumstances, the Constitution requires the state to deposit some of the available Proposition 98 funding into a statewide reserve account for schools and community colleges. Under the adopted budget plan, the state deposits a total of $7.5 billion into this account across the 2021-22 through 2023-24 period—an increase of $1.3 billion compared with the estimates made in June 2022. The higher required deposits are primarily due to revenue estimates from the administration that have capital gains accounting for a larger share of General Fund revenue over the period.

Provides Large COLA to School and Community College Districts
In addition to the required reserve deposits, the budget package has several ongoing and one-time increases. The largest ongoing augmentation is $4.8 billion to provide an 8.22 percent COLA for K-12 and community college programs. In K-12, the budget also includes $300 million ongoing targeted to low-income schools with relatively high rates of student mobility within the school year, as well as $250 million one time for literacy coaches and reading specialists.

Budget Has Notable K-14 Structural Gap
The 2023-24 Proposition 98 spending level is not sufficient to fully fund all ongoing spending authorized in the budget package. To cover these costs, the budget package uses $1.9 billion in one-time, prior-year funding to fund the primary school and community college funding formulas ($1.6 billion for schools and $290 million for California Community Colleges). Using one-time funds to cover ongoing costs creates a deficit in the Proposition 98 budget the following year.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Funds School Facilities Grants
The 2022-23 budget package provided $1.3 billion one-time non-Proposition 98 General Fund to cover the state share for new construction and modernization projects under the School Facility Program (SFP). The 2022-23 budget package also included intent language to provide an additional $2.1 billion in 2023-24 and $875 million in 2024-25. The budget provides about $2 billion to the SFP in 2023-24, which is $100 million less than the previously intended augmentation, and continues to assume an additional $875 million will be provided in 2024-25. The budget also delays the intended $550 million non-Proposition 98 General Fund increase to the California Preschool, Transitional Kindergarten and Full-Day Kindergarten Facilities Grant Program from 2023-24 to 2024-25.

All of these factors were considered in preparing the Mt. Diablo Unified School District budget for the 2023-24 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 s at (925) 682-8000, or 1936 Carlotta Drive, Concord, California 94519.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Statement of Net Position
June 30, 2023

		Governmental Activities
ASSETS		
Deposits and investments	$	354,577,138
Accounts receivable		60,635,642
Prepaid expenses		33,664
Inventories		1,022,411
Capital assets:		
Non-depreciable capital assets		105,079,500
Depreciable capital assets		906,227,783
Less accumulated depreciation		(435,844,487)
Total assets		991,731,651
DEFERRED OUTFLOWS OF RESOURCES		
Deferred amounts on refunding		5,612,918
Deferred outflows related to OPEB		8,913,516
Deferred outflows related to pensions		101,523,721
Total deferred outflows of resources		116,050,155
LIABILITIES		
Accounts payable		61,520,365
Accrued interest payable		7,775,616
Unearned revenue		8,122,001
Noncurrent liabilities:		
Due or payable within one year		37,352,804
Due in more than one year:		
Other than OPEB and pensions		464,437,773
Total OPEB liability		199,482,514
Net pension liability		282,063,528
Total liabilities		1,060,754,601
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to OPEB		41,525,051
Deferred inflows related to pensions		128,256,394
Total deferred inflows of resources		169,781,445
NET POSITION		
Net investment in capital assets		164,001,636
Restricted for:		
Capital projects		25,450,900
Debt service		44,746,381
Student activities		710,408
Categorical programs		100,666,818
Unrestricted		(458,330,383)
Total net position	$	(122,754,240)

MT. DIABLO UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position: Governmental Activities
Governmental Activities:					
Instruction	$ 270,906,315	$ 1,524,740	$ 96,339,624	$ 73,239	$ (172,968,712)
Instruction-Related Services:					
Supervision of instruction	18,363,236	156,857	6,937,609	-	(11,268,770)
Instructional library, media and technology	3,496,491	27,223	246,457	-	(3,222,811)
School site administration	30,381,791	15,291	3,544,252	-	(26,822,248)
Pupil Support Services:					
Home-to-school transportation	11,799,739	686	143,578	-	(11,655,475)
Food services	15,742,929	(6,689)	20,421,371	-	4,671,753
All other pupil services	30,112,461	565,775	9,428,331	-	(20,118,355)
General Administration Services:					
Data processing services	6,319,929	-	1,450,001	-	(4,869,928)
Other general administration	17,918,530	86,194	6,878,527	-	(10,953,809)
Plant services	66,639,933	4,204,683	17,441,623	-	(44,993,627)
Ancillary services	3,387,119	822,495	963,467	-	(1,601,157)
Community services	426	-	416	-	(10)
Interest on long-term debt	18,842,628	-	-	-	(18,842,628)
Other outgo	178,427	60,820	416,997	-	299,390
Total Governmental Activities	$ 494,089,954	$ 7,458,075	$ 164,212,253	$ 73,239	(322,346,387)

General Revenues:	
Property taxes	231,535,096
Federal and state aid not restricted to specific purpose	135,458,741
Interest and investment earnings	3,922,312
Transfers	3,626,000
Miscellaneous	4,579,473
Subtotal general revenues	379,121,622
Change in net position	56,775,235
Net position - July 1, 2022	(179,529,475)
Net position - June 30, 2023	$ (122,754,240)

MT. DIABLO UNIFIED SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2023

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	$ 184,988,058	$ 86,943,064	$ 44,746,381	$ 37,899,635	$ 354,577,138
Accounts receivable	57,148,806	-	-	3,486,836	60,635,642
Due from other funds	-	-	-	33,764	33,764
Stores inventories	595,195	-	-	427,216	1,022,411
Prepaid expenditures	33,664	-	-	-	33,664
Total Assets	$ 242,765,723	$ 86,943,064	$ 44,746,381	$ 41,847,451	$ 416,302,619
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 49,798,223	$ 11,024,270	$ -	$ 697,872	$ 61,520,365
Due to other funds	33,764	-	-	-	33,764
Unearned revenue	8,119,770	-	-	2,231	8,122,001
Total Liabilities	57,951,757	11,024,270	-	700,103	69,676,130
Fund Balances					
Nonspendable	932,902	-	-	427,216	1,360,118
Restricted	88,610,892	75,918,794	44,746,381	37,790,018	247,066,085
Committed	49,576,294	-	-	-	49,576,294
Assigned	16,959,927	-	-	2,930,114	19,890,041
Unassigned	28,733,951	-	-	-	28,733,951
Total Fund Balances	184,813,966	75,918,794	44,746,381	41,147,348	346,626,489
Total Liabilities and Fund Balances	$ 242,765,723	$ 86,943,064	$ 44,746,381	$ 41,847,451	$ 416,302,619

Total fund balances - governmental funds			$ 346,626,489
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets less accumulated depreciation and lease and subscription assets less accumulated amortization.			
	Capital assets at historical cost:	1,011,307,283	
	Accumulated depreciation:	(435,844,487)	
	Net:		575,462,796
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:			(7,775,616)
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:			5,612,918
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	477,354,796	
	Certificates of participation payable	12,533,496	
	Construction loan payable	3,104,580	
	Compensated absences payable	5,331,065	
	Supplemental employee retirement plan	3,466,640	
	Other postemployment benefits	199,482,514	
	Net pension liability	282,063,528	
	Total		(983,336,619)
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	8,913,516	
	Deferred inflows of resources	(41,525,051)	
	Total		(32,611,535)
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	101,523,721	
	Deferred inflows of resources	(128,256,394)	
	Total		(26,732,673)
Total net position - governmental activities			$ (122,754,240)

MT. DIABLO UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 308,423,367	$ -	$ -	$ -	$ 308,423,367
Federal sources	34,382,063	-	1,562,484	10,664,465	46,609,012
Other state sources	125,806,461	-	230,019	12,563,955	138,600,435
Other local sources	22,418,271	2,112,278	45,023,410	9,971,113	79,525,072
Total Revenues	491,030,162	2,112,278	46,815,913	33,199,533	573,157,886
EXPENDITURES					
Current:					
Instruction	267,616,019	-	-	3,676,094	271,292,113
Instruction-Related Services:					
Supervision of instruction	17,844,877	-	-	471,434	18,316,311
Instructional library, media and technology	3,148,494	-	-	132,199	3,280,693
School site administration	27,676,025	-	-	2,081,194	29,757,219
Pupil Support Services:					
Home-to-school transportation	11,027,619	-	-	-	11,027,619
Food services	237,385	-	-	15,216,165	15,453,550
All other pupil services	29,464,149	-	-	-	29,464,149
Ancillary services	2,451,364	-	-	952,656	3,404,020
Community services	426	-	-	-	426
General Administration Services:					
Data processing services	6,612,004	-	-	-	6,612,004
Other general administration	17,918,693	-	-	-	17,918,693
Transfers of indirect costs	(763,804)	-	-	763,804	-
Plant services	44,202,942	16,500	-	73,492	44,292,934
Capital outlay	4,241,877	33,641,687	-	6,071,182	43,954,746
Intergovernmental transfers	1,025,619	-	-	-	1,025,619
Debt service:					
Issuance costs	-	-	308,764	-	308,764
Principal	2,690,000	-	33,332,402	342,546	36,364,948
Interest	636,000	-	18,781,466	-	19,417,466
Total Expenditures	436,029,689	33,658,187	52,422,632	29,780,766	551,891,274
Excess (Deficiency) of Revenues Over (Under) Expenditures	55,000,473	(31,545,909)	(5,606,719)	3,418,767	21,266,612
OTHER FINANCING SOURCES (USES)					
Interfund transfers in	-	-	-	41,450	41,450
Interfund transfers out	(41,450)	-	-	-	(41,450)
Issuance of debt - refunding bonds	-	-	36,450,000	-	36,450,000
Premium on bond issuances	-	-	6,344,796	-	6,344,796
Transfer to escrow agent for defeased debt	-	-	(42,486,032)	-	(42,486,032)
Total Other Financing Sources and Uses	(41,450)	-	308,764	41,450	308,764
Net Change in Fund Balances	54,959,023	(31,545,909)	(5,297,955)	3,460,217	21,575,376
Fund Balances, July 1, 2022	129,854,943	107,464,703	50,044,336	37,687,131	325,051,113
Fund Balances, June 30, 2023	$ 184,813,966	$ 75,918,794	$ 44,746,381	$ 41,147,348	$ 346,626,489

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, 2023

Total net change in fund balances - governmental funds		$ 21,575,376
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	47,367,787	
Depreciation expense	(23,511,288)	
		23,856,499
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:		78,439,948
In governmental funds, issuances of debt are recognized as other financing sources. In the government-wide statements, issuances from debt are reported as increases to liabilities. Amounts recognized in governmental funds, net of issue premium were:		(42,794,796)
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:		(3,125,809)
In governmental funds, accreted interest on capital appreciation bonds is not recorded as an expenditure from current resources. In the government-wide statement of activities, however, this is recorded as interest expense for the period. Accreted interest additions less accreted interest paid during the year was:		612,380
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:		5,688,345
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:		(2,516,282)
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).		(1,311,807)
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:		(14,771,466)
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:		(10,610,473)
Change in net position of governmental activities		$ 56,775,235

MT. DIABLO UNIFIED SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2023

	Custodial Fund	Trust Fund
	Debt Service Funds for Special Tax Bonds	Private-Purpose Trust Fund
ASSETS		
Deposits and investments	$ 7,202,118	$ 60,883
NET POSITION		
Restricted for:		
CFD debt service	7,202,118	-
Individuals and organizations	-	60,883
Total Net Position	$ 7,202,118	$ 60,883

MT. DIABLO UNIFIED SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position
June 30, 2023

	Custodial Fund	Trust Fund
	Debt Service Funds for Special Tax Bonds	Private-Purpose Trust Fund
ADDITIONS		
Local property taxes	$ 6,574,025	$ -
Interest and investment earnings	198,297	1,274
Unrealized gains (losses) on investments	(114,335)	-
All other sources	1,819	-
Total Additions	6,659,806	1,274
DEDUCTIONS		
Debt service - interest	193,154	-
Debt service - principal	1,275,000	-
All other transfers out	4,802,187	-
Total Deductions	6,270,341	-
Change in fiduciary net position	389,465	1,274
Net position - July 1, 2022	6,812,653	59,609
Net position - June 30, 2023	$ 7,202,118	$ 60,883

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.

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.

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.

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

<u>Lessee</u>:

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.

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

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.

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.

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.

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, 2022, 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, 2023, 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.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2023 are classified in the accompanying financial statements as follows:

Governmental funds/activities	$	354,577,138
Fiduciary funds		7,263,001
Total deposits and investments	$	361,840,139

Deposits and investments as of June 30, 2023 consist of the following:

Cash on hand and in banks	$	804,231
Cash in revolving fund		304,043
Cash with fiscal agent		4,474,403
Investments		356,257,462
Total deposits and investments	$	361,840,139

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 polio). 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. 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.

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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, 2023, approximately $1 million 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, 2023, consist of the following:

			Maturity		
	Rating	Reported Amount	Less Than One Year	One Year Through Five Years	Fair Value Measurement
Investment maturities:					
Local Agency Investment Fund	N/A	$ 3,763,950	$ 3,763,950	$ -	Uncategorized
Contra Costa County Investment Pool	N/A	352,493,512	352,493,512	-	Uncategorized
Total Investments		$ 356,257,462	$ 356,257,462	$ -	

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, 2023, 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, 2023, the District had no investments, other than the County Investment Pool and Local Agency Investment Fund.

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 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2023, consisted of the following:

	Governmental Activities		
	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal Government:			
Categorical aid programs	$ 33,227,282	$ 1,853,021	$ 35,080,303
State Government:			
Special education	3,729,025	-	3,729,025
Lottery	1,842,485	18,733	1,861,218
Categorical aid programs	16,442,681	1,284,044	17,726,725
Local:			
Interest	12,833	-	12,833
Other local	1,894,500	331,038	2,225,538
Total	$ 57,148,806	$ 3,486,836	$ 60,635,642

NOTE 4 – INTERFUND TRANSACTIONS

A. Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2023, consisted of the following:

General Fund due to Capital Outlay Fund for Blended Component Units for capital projects	$ 33,764

B. Interfund Transfers In/Out

Interfund transfers in/out of other funds during the 2022-23 year consisted of the following:

General Fund transfer to the Cafeteria Fund for various food sales	$ 41,450

NOTE 5 – FUND BALANCES

At June 30, 2023, 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	$ 304,043	$ -	$ -	$ -	$ 304,043
Stores inventories	595,195	-	-	427,216	1,022,411
Prepaid expenditures	33,664	-	-	-	33,664
Total Nonspendable	932,902	-	-	427,216	1,360,118
Restricted:					
Categorical programs	88,610,892	-	-	247,478	88,858,370
Student body activities	-	-	-	710,408	710,408
Child nutrition program	-	-	-	11,381,232	11,381,232
Capital projects	-	75,918,794	-	25,450,900	101,369,694
Debt service	-	-	44,746,381	-	44,746,381
Total Restricted	88,610,892	75,918,794	44,746,381	37,790,018	247,066,085
Committed:					
Textbook adoptions	16,300,000	-	-	-	16,300,000
LCAP supplemental carryover	15,576,294	-	-	-	15,576,294
Legal settlements	4,500,000	-	-	-	4,500,000
Deferred maintenance	10,000,000	-	-	-	10,000,000
Technology	3,200,000	-	-	-	3,200,000
Total Committed	49,576,294	-	-	-	49,576,294
Assigned:					
2024-25 projected deficit	6,273,345	-	-	-	6,273,345
2025-26 projected deficit	8,482,046	-	-	-	8,482,046
Adult education programs	-	-	-	2,898,511	2,898,511
Deferred maintenance program	2,204,536	-	-	-	2,204,536
Other assignments	-	-	-	31,603	31,603
Total Assigned	16,959,927	-	-	2,930,114	19,890,041
Unassigned:					
Reserve for economic uncertainties	13,103,000	-	-	-	13,103,000
Remaining unassigned balances	15,630,951	-	-	-	15,630,951
Total Unassigned	28,733,951	-	-	-	28,733,951
Total	$ 184,813,966	$ 75,918,794	$ 44,746,381	$ 41,147,348	$ 346,626,489

NOTE 6 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance, July 1, 2022	Additions	Retirements	Balance, June 30, 2023
Capital assets not being depreciated:				
Land	$ 14,436,462	$ -	$ -	$ 14,436,462
Construction in progress	57,678,570	42,483,988	9,519,520	90,643,038
Total capital assets not being depreciated	72,115,032	42,483,988	9,519,520	105,079,500
Capital assets being depreciated:				
Land improvements	125,112,282	1,926,459		127,038,741
Buildings	737,833,757	7,593,061	-	745,426,818
Furniture, equipment, and vehicles	28,878,425	4,883,799	-	33,762,224
Total capital assets being depreciated	891,824,464	14,403,319	-	906,227,783
Accumulated depreciation for:				
Land improvements	(52,225,787)	(6,351,937)		(58,577,724)
Buildings	(334,828,660)	(14,908,536)	-	(349,737,196)
Furniture, equipment, and vehicles	(25,278,752)	(2,250,815)	-	(27,529,567)
Total accumulated depreciation	(412,333,199)	(23,511,288)	-	(435,844,487)
Total capital assets being depreciated, net	479,491,265	(9,107,969)	-	470,383,296
Governmental activity capital assets, net	$ 551,606,297	$ 33,376,019	$ 9,519,520	$ 575,462,796

Depreciation expense was charged to governmental activities as follows:

Depreciation by Function:	Governmental Activities
Instruction	$ 11,484
Supervision of instruction	9,188
All other pupil services	564,204
All other general administration	90,138
Plant services	22,836,274
Total depreciation expense	$ 23,511,288

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, 2023, were as follows:

	Balance, July 1, 2022	Additions	Deductions	Balance, June 30, 2023	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	$ 427,541,661	$ 80,600,741	$ 75,407,402	$ 432,735,000	$ 29,520,000
Accreted Interest	44,763,121	2,741,218	47,504,339	-	-
Unamortized Issuance Premium	43,606,609	6,344,796	5,331,609	44,619,796	3,389,497
Total GO Bonds	515,911,391	89,686,755	128,243,350	477,354,796	32,909,497
Certificates of Participation:					
Principal Payments	14,040,000	-	2,690,000	11,350,000	2,335,000
Unamortized Issuance Premium	1,540,232	-	356,736	1,183,496	374,987
Total Certificates of Participation	15,580,232	-	3,046,736	12,533,496	2,709,987
Construction Loan	3,447,126	-	342,546	3,104,580	-
Supplemental Employee Retirement Plan	5,199,960	-	1,733,320	3,466,640	1,733,320
Compensated Absences	4,019,258	1,311,807	-	5,331,065	-
Totals	$ 544,157,967	$ 90,998,562	$ 133,365,952	$ 501,790,577	$ 37,352,804

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

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 the net pension liability, total OPEB liability, and compensated absences are made from the fund for which the related employee worked. The 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.

2023 Refunding Bonds
On May 4, 2023, the District issued 2023 Refunding General Obligation Bonds in the amount of $36,450,000. The Refunding Bonds were issued as serial bonds with interest rates of 5.0% and maturities between August 1, 2023 and June 1, 2031. The Refunding Bonds were issued by the District to refund $42,075,000 of the District's outstanding General Obligation Refunding Bonds, Election of 2002, Series C, issued on April 10, 2013 in the original principal amount of $54,015,000.

The refunding decreased the District's total debt service payments by $5,881,938. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new debt) of $5,212,020.

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, 2023, the principal balance outstanding on the defeased debt amounted to $42,075,000.

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, 2023, deferred outflows on refunding were $5,612,918.

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, 2023 follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2022	Additions	Deductions	Advance Refunded	Balance, June 30, 2023
Refunding Bonds									
2002 Series C	4/10/2013	8/1/2023	2.00%-5.00%	$ 54,015,000	$ 44,710,000	$ -	$ 1,330,000	$ 42,075,000	$ 1,305,000
2021 Refunding, Series A	10/7/2021	8/1/2031	1.25%-4.00%	28,270,000	28,270,000	-	8,605,000	-	19,665,000
2022 Refunding, Series B	5/5/2022	6/1/2037	4.00%	147,145,000	147,145,000	-	2,645,000	-	144,500,000
2023 Refunding	5/4/2023	6/1/2031	5.00%	36,450,000	-	36,450,000	-	-	36,450,000
Sub-Total				265,880,000	220,125,000	36,450,000	12,580,000	42,075,000	201,920,000
Election of 2010 (Measure C)									
Series A	9/30/2010	8/1/2035	2.46%-5.77%	50,456,475	49,080,661	44,150,741	1,621,402	-	91,610,000
Series B	9/30/2010	8/1/2027	1.24%-5.55%	59,540,000	29,260,000	-	3,380,000	-	25,880,000
Series C	4/12/2011	8/1/2025	2.00%-5.40%	3,865,000	3,860,000	-	890,000	-	2,970,000
Series E	6/20/2012	8/1/2022	4.00%-5.00%	149,995,000	2,415,000	-	2,415,000	-	-
Series F	7/15/2015	8/1/2025	4.00%-5.00%	38,500,000	6,260,000	-	2,705,000	-	3,555,000
Series G	11/16/2016	8/1/2031	2.00%-3.00%	38,500,000	33,750,000	-	1,950,000	-	31,800,000
Sub-Total				340,856,475	124,625,661	44,150,741	12,961,402	-	155,815,000
Election of 2018 (Measure J)									
Series A	6/12/2019	8/1/2022	2.20%	20,000,000	7,791,000	-	7,791,000	-	-
Series B	4/6/2022	8/1/2042	4.00%-5.00%	75,000,000	75,000,000	-	-	-	75,000,000
Sub-Total				95,000,000	82,791,000	-	7,791,000	-	75,000,000
			Totals	$ 701,736,475	$ 427,541,661	$ 80,600,741	$ 33,332,402	$ 42,075,000	$ 432,735,000

	Balance, July 1, 2022	Additions	Deductions	Converted Interest	Balance, June 30, 2023
Accreted Interest					
Election of 2010, Series A	$ 44,763,121	$ 2,741,218	$ 3,353,598	$ 44,150,741	$ -

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

Fiscal Year	Principal	Interest	Total
2023-2024	$ 29,520,000	$ 18,402,138	$ 47,922,138
2024-2025	30,435,000	17,593,474	48,028,474
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
2028-2033	165,935,000	44,808,042	210,743,042
2033-2038	93,935,000	15,296,746	109,231,746
2038-2043	27,305,000	3,396,900	30,701,900
Totals	$ 432,735,000	$ 144,805,446	$ 577,540,446

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
2023-2024	$ 2,335,000	$ 509,125	$ 2,844,125
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	$ 11,350,000	$ 1,232,000	$ 12,582,000

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, 2023 is $3,104,580.

D. 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, 2023, the outstanding balance of future District contributions was $3,466,640.

Fiscal Year	Payment
2023-2024	$ 1,733,320
2024-2025	1,733,320
Total	$ 3,466,640

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

E. 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 $3,170,000 as of June 30, 2023, 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, 2023, 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	$ 198,225,154	$ 8,913,516	$ 41,525,051	$ 15,971,141
MPP Program	1,257,360	-	-	(334,994)
Totals	$ 199,482,514	$ 8,913,516	$ 41,525,051	$ 15,636,147

The details of each plan are as follows:

<u>District Plan</u>

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, 2023, 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 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.

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 June 30, 2023, the following employees were covered by the benefit terms:

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

Total OPEB Liability
The District's total OPEB liability of $198,225,154 for the Plan was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

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 percent
Salary increases	2.75 percent
Healthcare cost trend rates	4.00 percent

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

District Plan (continued)

Discount Rate
The discount rate for GASB 75 has been set equal to 3.65%, 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, 2022	$ 198,463,063
Changes for the year:	
Service cost	11,941,438
Interest	7,119,817
Differences between expected and actual experience	(9,410,964)
Changes of assumptions	(3,270,172)
Benefit payments	(6,618,028)
Net changes	(237,909)
Balance at June 30, 2023	$ 198,225,154

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:

Discount Rate	OPEB Liability
1% decrease	$ 222,795,705
Current discount rate	$ 198,225,154
1% increase	$ 177,484,534

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	$ 170,460,961
Current trend rate	$ 198,225,154
1% increase	$ 232,835,456

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2023, the District recognized OPEB expense of $15,971,141. In addition, at June 30, 2023, 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	$ 1,188,941	$ 8,371,230
Changes of assumptions	7,724,575	33,153,821
Totals	$ 8,913,516	$ 41,525,051

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
2024	$ 3,371,180	$ 6,134,400
2025	1,385,585	6,134,400
2026	1,385,585	6,134,400
2027	1,385,585	6,134,400
2028	1,385,581	6,134,400
Thereafter	-	10,853,051
Totals	$ 8,913,516	$ 41,525,051

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, 2021 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, 2022, 4,770 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, 2023, the District reported a liability of $1,257,360 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, 2022, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total OPEB liability to June 30, 2022. 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		
	Fiscal Year Ending June 30, 2023	Fiscal Year Ending June 30, 2022	Change Increase/ (Decrease)
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net OPEB Liability	0.381699%	0.399222%	(0.017523%)

For the year ended June 30, 2023, the District reported OPEB expense of $(334,994).

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, 2021 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, 2022
Valuation Date	June 30, 2021
Experience Study	June 30, 2015 through June 30, 2018
Actuarial Cost Method	Entry age normal
Investment Rate of Return	3.54%
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 209 or an average of 0.14% of the potentially eligible population of 145,282.

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, 2022, 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, 2022, 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, 2022, was 3.54%, which is an increase of 1.38% from 2.16% as of June 30, 2021.

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:

Discount Rate	MPP OPEB Liability
1% decrease	$ 1,678,172
Current discount rate	1,257,360
1% increase	1,159,168

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:

Medicare Cost Trend Rates	MPP OPEB Liability
1% decrease	$ 1,153,675
Current trend rate	1,257,360
1% increase	1,374,893

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, 2023, 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:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 176,724,661	$ 46,163,198	$ 83,778,591	$ 22,437,551
CalPERS	105,338,867	55,360,523	44,477,803	14,507,241
Totals	$ 282,063,528	$ 101,523,721	$ 128,256,394	$ 36,944,792

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, 2021, 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 District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

The STRP provisions and benefits in effect at June 30, 2023, are summarized as follows:

	STRP Defined Benefit Program	
	On or before	On or after
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%

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 various subsequent legislation.
The CalSTRS Funding Plan established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. California Senate Bill 90 (Chapter 33, Statutes of 2019) and California Assembly Bill 84 (Chapter 16, Statutes of 2020) (collectively, special legislation)—signed into law in June 2019 and June 2020, respectively —provided supplemental contributions to the DB Program along with supplemental contribution rate relief to employers through fiscal year 2021–22.

The contribution rates for each program for the year ended June 30, 2023, are presented above, and the District's total contributions were $29,979,972.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2023, 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	$	176,724,661
State's proportionate share of the net pension liability associated with the District		88,503,019
Total	$	265,227,680

The net pension liability was measured as of June 30, 2022. 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:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2023	**Fiscal Year Ending June 30, 2022**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.254331%	0.225000%	0.029331%

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, 2023, the District recognized pension expense of $22,437,551. In addition, the District recognized pension expense and revenue of $(6,619,382) for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	$ 29,979,972	$ -
Net change in proportionate share of net pension liability	7,274,000	61,885,751
Difference between projected and actual earnings on pension plan investments	-	8,642,178
Changes of assumptions	8,764,257	-
Differences between expected and actual experience	144,969	13,250,662
Totals	$ 46,163,198	$ 83,778,591

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
2024	$ 10,923,150	$ 21,885,624
2025	3,654,362	20,553,145
2026	1,159,363	23,961,185
2027	398,029	(1,960,263)
2028	24,161	11,162,508
Thereafter	24,161	8,176,393
Totals	$ 16,183,226	$ 83,778,591

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, 2021 and rolling forward the total pension liability to June 30, 2022. In determining the total pension liability, the financial reporting actuarial valuation used the following actuarial methods and assumptions:

Valuation Date	June 30, 2021
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, 2022, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public Equity	42.0%	4.8%
Real Estate	15.0%	3.6%
Private Equity	13.0%	6.3%
Fixed Income	12.0%	1.3%
Risk Mitigating Strategies	10.0%	1.8%
Inflation Sensitive	6.0%	3.3%
Cash/Liquidity	2.0%	(0.4%)

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 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%)	$ 300,144,020
Current discount rate (7.10%)	176,724,661
1% increase (8.10%)	74,249,485

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. Through the special legislation approved in June 2019 and June 2020, the State made supplemental contributions of approximately $2.2 billion to CalSTRS on behalf of employers to supplant the amounts submitted by employers for fiscal years 2019–20 through 2021–22. Under accounting principles generally accepted in the United States of America, these amounts 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 $14,197,724.

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, 2021 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.

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, 2023, are summarized as follows:

	Schools Pool (CalPERS)	
	On or before	On or after
Hire Date	December 31, 2012	January 1, 2013
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	25.37%	25.37%

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, 2023 are presented above, and the total District contributions were $14,721,484.

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, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $105,338,867. The net pension liability was measured as of June 30, 2021. 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:

	Percentage Share of Risk Pool		
	Fiscal Year Ending June 30, 2023	**Fiscal Year Ending June 30, 2022**	**Change Increase/ (Decrease)**
Measurement Date	June 30, 2022	June 30, 2021	
Proportion of the Net Pension Liability	0.306137%	0.342000%	(0.035863%)

For the year ended June 30, 2023, the District recognized pension expense of $14,507,241. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Pension contributions subsequent to measurement date	$ 14,721,484	$ -
Net change in proportionate share of net pension liability	-	21,923,894
Difference between projected and actual earnings on pension plan investments	32,370,598	19,932,943
Changes of assumptions	7,792,371	-
Differences between expected and actual experience	476,070	2,620,966
Totals	$ 55,360,523	$ 44,477,803

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 4.0 years.

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
2024	$ 11,847,829	$ 15,564,635
2025	11,204,800	14,327,635
2026	10,002,366	12,273,712
2027	7,584,044	2,311,821
2028	-	-
Thereafter	-	-
Totals	$ 40,639,039	$ 44,477,803

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, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
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.

NOTE 9 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)
Total pension liability for the Schools Pool was determined by applying update procedures to a financial reporting actuarial valuation as of June 30, 2021 and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of June 30, 2021 used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2021
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.

Discount Rate	Net Pension Liability
1% decrease (5.9%)	$ 152,167,328
Current discount rate (6.9%)	105,338,867
1% increase (7.9%)	66,636,866

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, 2023, the District reported a payable of $294,744 for the outstanding amount of legally required contributions to the CalSTRS pension plan for the fiscal year ended June 30, 2023.

NOTE 10 – JOINT VENTURES

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

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, 2023, the District had commitments with respect to unfinished capital projects of approximately $33.6 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, 2023.

NOTE 12 – RISK MANAGEMENT

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. For the fiscal year ending June 30, 2023, the District contracted with Alliance of Schools Cooperative Insurance Programs (ASCIP) for property and liability insurance coverage. Excess liability coverage is obtained through participation in Schools Excess Liability Fund (SELF) (through ASCIP). Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. In addition, property and liability claims for which the District retains the risk of loss (claims below the District's retained limits).

Workers' Compensation

Beginning in 2009, the District has established a fund to self-insure itself for workers' compensation coverage. The workers' compensation experience of the District was calculated and applied to a premium rate, which was utilized to charge funds for the administration of the program. Excess liability coverage for workers' compensation claims is provided through the purchase of commercial insurance.

NOTE 12 – RISK MANAGEMENT (continued)

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

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Required Supplementary Information

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MT. DIABLO NIFIED SCHOOL DISTRICT

Budgetary Comparison Schedule – General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF Sources	$ 310,374,254	$ 304,739,098	$ 308,423,367	$ 3,684,269
Federal	33,503,302	60,877,896	34,382,063	(26,495,833)
Other State	66,149,855	131,262,484	125,806,461	(5,456,023)
Other Local	10,139,711	17,958,232	22,418,271	4,460,039
Total Revenues	420,167,122	514,837,710	491,030,162	(23,807,548)
Expenditures				
Current:				
Certificated Salaries	165,797,189	163,776,629	164,843,656	(1,067,027)
Classified Salaries	56,409,183	60,408,684	59,772,294	636,390
Employee Benefits	117,417,957	114,748,551	110,909,939	3,838,612
Books and Supplies	23,279,286	73,104,135	21,854,685	51,249,450
Services and Other Operating Expenditures	54,377,531	74,896,039	69,010,830	5,885,209
Transfers of indirect costs	(632,949)	(847,911)	(763,804)	(84,107)
Capital Outlay	9,142,813	12,085,713	3,262,605	8,823,108
Other Outgo	1,597,586	1,025,619	4,344,020	(3,318,401)
Total Expenditures	427,388,596	499,197,459	433,234,225	65,963,234
Excess (Deficiency) of Revenues Over (Under) Expenditures	(7,221,474)	15,640,251	57,795,937	42,155,686
Other Financing Sources and Uses				
Interfund Transfers Out	(5,000,000)	(5,000,000)	(5,041,450)	(41,450)
Total Other Financing Sources and Uses	(5,000,000)	(5,000,000)	(5,041,450)	(41,450)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(12,221,474)	10,640,251	52,754,487	42,114,236
Fund Balance, July 1, 2022	92,153,496	129,854,943	129,854,943	-
Fund Balance, June 30, 2023	$ 79,932,022	$ 140,495,194	182,609,430	$ 42,114,236

Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:

Deferred Maintenance Fund	2,204,536

Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:	$ 184,813,966

MT. DIABLO UNIFIED SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.2543%	0.2250%	0.2640%	0.2890%	0.3020%
District's proportionate share of the net pension liability	$ 176,724,661	$ 102,193,000	$ 256,117,000	$ 261,393,000	$ 277,385,000
State's proportionate share of the net pension liability associated with the District	88,503,019	60,803,000	139,966,000	142,608,000	158,817,000
Totals	$ 265,227,680	$ 162,996,000	$ 396,083,000	$ 404,001,000	$ 436,202,000
District's covered-employee payroll	$ 150,387,400	$ 144,109,529	$ 142,701,000	$ 155,566,000	$ 160,658,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	117.51%	70.91%	179.48%	168.03%	172.66%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%

	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.2950%	0.2720%	0.2910%	0.2760%
District's proportionate share of the net pension liability	$ 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	161,437,000	125,258,419	103,616,018	97,392,501
Totals	$ 434,322,000	$ 345,254,739	$ 299,528,858	$ 258,678,621
District's covered-employee payroll	$ 156,387,000	$ 137,080,196	$ 131,676,520	$ 123,886,776
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	174.49%	160.49%	148.78%	130.19%
Plan fiduciary net position as a percentage of the total pension liability	69%	70%	74%	77%

* *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

Schedule of Proportionate Share of the Net Pension Liability-CalPERS

For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2021-22	2020-21	2019-20	2018-19	2017-18
District's proportion of the net pension liability	0.3061%	0.3420%	0.3750%	0.4040%	0.4270%
District's proportionate share of the net pension liability	$ 105,338,867	$ 69,637,000	$ 114,917,000	$ 117,786,000	$ 113,742,000
District's covered-employee payroll	$ 50,994,000	$ 48,771,000	$ 53,949,000	$ 56,027,000	$ 56,267,000
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	206.57%	142.78%	213.01%	210.23%	202.15%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	70%	70%	71%

	2016-17	2015-16	2014-15	2013-14
District's proportion of the net pension liability	0.4140%	0.3960%	0.4050%	0.3890%
District's proportionate share of the net pension liability	$ 98,730,000	$ 78,289,245	$ 59,623,699	$ 45,171,338
District's covered-employee payroll	$ 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-employee payroll	187.23%	164.62%	131.74%	109.03%
Plan fiduciary net position as a percentage of the total pension liability	72%	74%	79%	83%

* *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
Schedule of Pension Contributions-CalSTRS
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2022-23	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	$ 29,979,972	$ 25,445,548	$ 23,273,689	$ 25,262,435	$ 25,474,844
Contributions in relation to the contractually required contribution	29,979,972	25,445,548	23,273,689	25,262,435	25,474,844
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 156,963,206	$ 150,387,400	$ 144,109,529	$ 142,701,000	$ 155,566,000
Contributions as a percentage of covered-employee payroll	19.10%	16.92%	16.15%	17.10%	16.38%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 23,182,949	$ 19,673,538	$ 14,708,705	$ 11,692,875
Contributions in relation to the contractually required contribution	23,182,949	19,673,538	14,708,705	11,692,875
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 160,658,000	$ 156,387,000	$ 137,080,196	$ 131,676,520
Contributions as a percentage of covered-employee payroll	14.43%	12.58%	10.73%	8.88%

* *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
Schedule of Pension Contributions-CalPERS
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

	2022-23	2021-22	2020-21	2019-20	2018-19
Contractually required contribution	$ 14,721,484	$ 11,682,718	$ 10,095,538	$ 10,667,677	$ 10,119,534
Contributions in relation to the contractually required contribution	14,721,484	11,682,718	10,095,538	10,667,677	10,119,534
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	58,027,134	$ 50,994,000	$ 48,771,000	$ 53,949,000	$ 56,027,000
Contributions as a percentage of covered-employee payroll	25.370%	22.910%	20.700%	19.774%	18.062%

	2017-18	2016-17	2015-16	2014-15
Contractually required contribution	$ 8,738,265	$ 7,324,363	$ 5,634,285	$ 5,327,217
Contributions in relation to the contractually required contribution	8,738,265	7,324,363	5,634,285	5,327,217
Contribution deficiency (excess):	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 56,267,000	$ 52,731,000	$ 47,558,749	$ 45,257,132
Contributions as a percentage of covered-employee payroll	15.530%	13.890%	11.847%	11.771%

* *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

Schedule of Changes in the District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

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

** 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

Schedule of the District's Proportionate Share of the Net OPEB Liability – MPP Program
For the Fiscal Year Ended June 30, 2023

*Last Ten Fiscal Years**

Employer's Fiscal Year	**2022-23**	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**
Measurement Period	**2021-22**	**2020-21**	**2019-20**	**2018-19**	**2017-18**	**2016-17**
District's proportion of net OPEB liability	0.3817%	0.3992%	N/A	N/A	N/A	N/A
District's proportionate share of net OPEB liability	$ 1,257,360	$ 1,592,354	N/A	N/A	N/A	N/A
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
District's net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total OPEB liability	(0.94%)	(0.71%)	N/A	N/A	N/A	N/A

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.*

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. 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 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. In the future, as data becomes available, ten years of information will be presented.

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 3.54 percent to 3.65 percent since the previous valuation.

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 2.16 percent to 3.54 percent since the previous valuation.

Supplementary Information

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MT. DIABLO UNIFIED SCHOOL DISTRICT
Local Educational Agency Organization Structure
For the Fiscal Year Ended June 30, 2023

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

BOARD OF EDUCATION

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

ADMINISTRATION

Adam Clark, Ed.D.,
Superintendent

Jennifer Sachs,
Chief, Educational Services

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

Dr. Lisa Gonzales,[1]
Chief Business Officer

Dr. John Rubio,
Chief, Human Resources

[1]Resigned, effective June 30, 2023. The current Chief Business Officer is Adrian Vargas.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Average Daily Attendance
For the Fiscal Year Ended June 30, 2023

	Second Period Report	Annual Report
Regular ADA & Extended Year:		
Grades TK-3	8,782.74	8,832.45
Grades 4-6	6,363.23	6,384.29
Grades 7-8	4,131.34	4,148.30
Grades 9-12	7,162.35	7,147.57
Total Regular ADA	26,439.66	26,512.61
Special Education, Nonpublic, Nonsectarian Schools:		
Grades TK-3	6.98	7.29
Grades 4-6	14.73	15.16
Grades 7-8	18.36	18.87
Grades 9-12	32.44	32.31
Total Special Education, Nonpublic, Nonsectarian Schools ADA	72.51	73.63
Total ADA	26,512.17	26,586.24

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2023

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	36,000	180	Complied
Grade 1	50,400	51,410	180	Complied
Grade 2	50,400	51,410	180	Complied
Grade 3	50,400	51,410	180	Complied
Grade 4	54,000	55,015	180	Complied
Grade 5	54,000	55,015	180	Complied
Grade 6	54,000	57,718	180	Complied
Grade 7	54,000	57,718	180	Complied
Grade 8	54,000	57,718	180	Complied
Grade 9	64,800	64,871	180	Complied
Grade 10	64,800	64,871	180	Complied
Grade 11	64,800	64,871	180	Complied
Grade 12	64,800	64,871	180	Complied

MT. DIABLO UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2023

General Fund	(Budget) 2024 [2]	2023 [3]	2022	2021
Revenues and other financing sources	$ 454,224,225	$ 491,030,162	$ 429,781,436	$ 396,843,273
Expenditures and other financing uses	460,050,849	438,275,675	389,247,190	355,638,432
Change in fund balance (deficit)	(5,826,624)	52,754,487	40,534,246	41,204,841
Ending fund balance	$ 176,782,806	$ 182,609,430	$ 129,854,943	$ 89,320,697
Available reserves [1]	$ 30,069,440	$ 28,733,951	$ 11,555,921	$ 10,590,483
Available reserves as a percentage of total outgo	6.5%	6.6%	3.0%	3.0%
Total long-term debt	$ 945,983,815	$ 983,336,619	$ 914,451,030	$ 1,092,079,878
Average daily attendance at P-2	26,358	26,512	26,488	29,121

The General Fund balance has increased by $93.3 million over the past two years. The fiscal year 2023-24 revised budget projects a decrease of $5.8 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 2023-24 fiscal year. Long-term debt has decreased by $108.7 million over the past two years.

ADA increased by 24 compared to 2021-22. Budgeted ADA projects a decrease of 154 for 2023-24.

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

[2] Revised budget September, 2023.

[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.

There were no differences between the Annual Financial and Budget Report and the Audited Financial Statements in any funds.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Charter Schools
For the Fiscal Year Ended June 30, 2023

Charter School		
Name	Number	Inclusion in Financial Statements
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, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster 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	$ 279,672	
School Breakfast Program - Especially Needy	10.553	13526	1,610,064	
National School Lunch Program	10.555	13523	5,473,554	
USDA Donated Foods	10.555	N/A	943,329	
Total Child Nutrition Cluster				$ 8,306,619
Child and Adult Care Food Program Cluster:				
Child and Adult Care Food Program	10.558	13393	973,354	
Cash in Lieu of Commodities	10.558	N/A	72,458	
Total Child and Adult Care Food Program Cluster				1,045,812
Farm to School Grant Program	10.561	N/A		49,876
Total U.S. Department of Agriculture				9,402,307
U.S. Department of Defense:				
Junior Reserve Officers' Training Corps	12.000	N/A		88,311
Total U.S. Department of Defense				88,311
U.S. Department of Labor:				
Passed through California Dept. of Education (CDE):				
Workforce Innovation and Opportunity Act (WIOA) - Youth Program	17.259	10055	330,302	
Workforce Innovation and Opportunity Act (WIOA) - Adult & Dislocated Workers	17.259	N/A	34,655	
Total U.S. Department of Labor				364,957
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Education - State Grants Cluster:				
Adult Basic Education and ESL	84.002A	14508	130,728	
Adult Secondary Education	84.002	13978	219,115	
English Literacy and Civics Education	84.002A	14109	64,823	
Total Adult Education - State Grants Cluster				414,666
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	5,429,395	
School Improvement Funding for LEAs	84.010	15438	856,408	
Total Title I Grants				6,285,803
Title II, Part A, Supporting Effective Instruction	84.367	14341		602,007
English Language Acquisition State Grants:				
Title III, Immigrant Education Program	84.365	15146	984,104	
Title III, Limited English Proficiency	84.365	14346	194,883	
Subtotal English Language Acquisition State Grants				1,178,987
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		333,345
Early Intervention Grants	84.181	23761		161,463
Carl D. Perkins Career and Technical Education: Adult, Sec. 132	84.048	14893		221,892
Pell Grant	84.063	N/A		305,296

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster Expenditures	Federal Expenditures
Individuals with Disabilities Education Act (IDEA):				
COVID-19: American Rescue Plan (ARP) IDEA:				
Part B, Sec. 611, Local Assistance Entitlement	84.027	15638	1,306,360	
COVID-19: American Rescue Plan (ARP) IDEA:				
Part B, Sec. 611, Local Assistance Private School Individual Service Plans (ISPs)	84.027	10169	26,487	
COVID-19: American Rescue Plan (ARP) IDEA: Part B, Sec. 619, Preschool Grants	84.173	15639	114,187	
Basic Local Assistance Entitlement	84.027	13379	7,101,280	
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	114,125	
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	236,857	
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	344,056	
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,436	
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	14,922	
Total Special Education (IDEA) Cluster				9,259,710
COVID-19 Education Stabilization Fund:				
Direct Funding:				
Higher Education Emergency Relief Fund - CTEC Students	84.425N	N/A	143,638	
Higher Education Emergency Relief Fund - Coronavirus Relief Funds	84.425N	N/A	236,184	
Higher Education Emergency Relief Fund - FIPSE Grant	84.425N	N/A	78,454	
Passed Through California Department of Education:				
Elementary and Secondary School Emergency Relief II (ESSER II) Fund	84.425D	15547	6,293,058	
Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	7,022,182	
Expanded Learning Opportunities (ELO) Grant ESSER II State Reserve	84.425D	15618	1,056,777	
Expanded Learning Opportunities (ELO) Grant: ESSER III State Reserve, Emergency Needs	84.425U	15620	283,679	
After School Education and Safety (ASES) Rate Increase:				
ESSER III State Reserve Afterschool Programs	84.425U	15652	915,000	
American Rescue Plan-Homeless Children and Youth II	84.425U	15566	126,818	
Subtotal Education Stabilization Fund				16,155,790
Total U.S. Department of Education				34,918,959
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education (CDE):				
Early Head Start- Child Care Partnership Grant Program	93.600	01039		172,852
Temporary Assistance for Needy Families (TANF)	93.558	N/A		99,142
Total U.S. Department of Health & Human Services				271,994
Total Expenditures of Federal Awards				$ 45,046,528

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

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 Balances 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		$ 46,609,012
Differences between Federal Revenues and Expenditures:		
Federal interest subsidies	N/A	(1,562,484)
Total Schedule of Expenditures of Federal Awards		$ 45,046,528

Other Independent Auditors' Reports

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NIGRO & NIGRO PC
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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, 2023, 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 13, 2023.

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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001, that we consider to be a material weakness.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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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.

Nigro & Nigro, PC

Murrieta, California
December 13, 2023

NIGRO & NIGRO PC
A Professional Accountancy Corporation

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, 2023. 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 compiled, 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, 2023.

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.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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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 for 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.

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, 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.

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 requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
December 13, 2023

NIGRO & NIGRO PC
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INDEPENDENT AUDITORS' REPORT ON STATE 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 *2022-23 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, 2023.

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, 2023.

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 *2022-23 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.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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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 2022-23 *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 for 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 *2022-23 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 *2022-23 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
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
California Clean Energy Jobs Act	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
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 2023-002 and 2023-003.

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 identity 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 *2022-23 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Nigro & Nigro, PC

Murrieta, California
December 13, 2023

Schedule of Findings and Questioned Costs

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Financial Statements

Type of auditors' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance Sec. 200.516 (a)?	No

Identification of major programs:

Assitance Listing Numbers	Name of Federal Program or Cluster
84.027, 84.027A, 84.173, & 84.173A	Special Education Cluster (IDEA)
84.425C, 84.425D, 84.425N & 84.425U	Education Stabilization Fund

Dollar threshold used to distinguish between Type A and Type B programs:	$ 1,351,396
Auditee qualified as low-risk auditee?	No

State Awards

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

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:

Five Digit Code	AB 3627 Finding Types
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 2023-001: Capital Assets Reporting (20000, 30000)

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 $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.

- 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.

Finding 2023-001: Capital Assets Reporting (20000, 30000) (continued)

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.

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.

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).

There were no federal award findings or questioned costs in 2022-23.

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

Finding 2023-002: Teacher Credentials (40000)

Criteria: Any teacher that is assigned to teach a class must be assigned consistent 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.

Condition: 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.

Context: This finding was noted for two teachers out of the thirty tested.

Cause: The District did not have an adequate process in place to monitor the status of all teacher certification and thereby ensure that teachers are appropriately credentialed and teaching subjects consistent with the authorization of the respective certification.

Effect: Due to the lack of an adequate process to ensure that teachers credentials are current and teachers are properly certificated for their assigned classrooms, there are misassignments of teachers, resulting in the District being out of compliance for teacher certification and authorized assignment requirements.

Recommendation: 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.

Views of Responsible Officials: We recognize and agree with the finding, and we are implementing additional training and mechanisms to compare our master schedules to each teacher's specific credential area.

Finding 2023-003: Instructional Materials (70000)

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: 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.

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 will be brought back to the School Board at the January 17, 2024 Board Meeting for information and approval.

- Board Policy 6161.11 Resolution on Sufficiency of Instructional Materials will be revised in response to changes in Education Code 60119 and include updated resolution language.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2023

Original Finding No.	Finding	Code	Recommendation	Current Status
2022 -001 State Compliance Attendance	Attendance Accounting and Reporting in California Public Schoos, Title 5, CCR, Section 401 and 421 (b) and Education Code Section 44809 – Each LEA must develop and maintain accurate and adequate records to support attendance report to the State of California. At Valle Verde Elementary School, one student was improperly reported as present, resulting in an overstatement of one day of attendance.	10000	The District should enforce controls to ensure accurate accounting for attendance.	Implemented
2022-002 State Compliance – After/Before School Education and Safety Program	Attendance Accounting and Reporting in California Public Schoos, Title 5, CCR, Section 401 and 421 (b) and Education Code Section 44809 – Each LEA must develop and maintain accurate and adequate records to support attendance report to the State of California. St Cambridge Elementary School, written records to support attendance for after school programs totaled 116 students which did not agree with reported attendance of 118 students, resulting in an overstatement of two students.	40000	The District should enforce controls to ensure accurate accounting for attendance of students participating in After/Before School Education and Safety Program.	Implemented
2022-003 State Compliance – Independent Study	Attendance Accounting and Reporting in California Public Schoos, Title 5, CCR, Section 401 and 421 (b) and Education Code Section 44809 – Each LEA must develop and maintain accurate and adequate records to support attendance report to the State of California. For fourteen students claimed for independent study attendance, the District was unable to provide supporting signed independent study agreements or student work samples.	40000	The District should enforce controls to ensure signed independent study agreements and required work samples are maintained for all students claimed for ADA in the independent study program.	Implemented

NIGRO & NIGRO PC
A Professional Accountancy Corporation

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, 2023, 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 13, 2023 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 Oak Grove Middle, we found that each of the 5 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. At Valley View Middle, we noted the school has not made any deposits in the 2022-23 year, although cash and sales have been done throughout the year. We could not test any cash receipts due to the lack of deposits or backup.

> ***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.

Jeff Nigro, CPA, CFE | Elizabeth Nigro, CPA | Shannon Bishop, CPA | Peter Glenn, CPA, CFE | Paul J. Kaymark, CPA | Jessica Berry, CPA | Angelika Vartikyan, CPA

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Observation: During our testing at College Park High, Pine Hollow Middle, and Oak Grove Middle, we noted that bank reconciliations were not prepared in a timely manner. At Valley View Middle, bank reconciliations were not being prepared at all due to a problem with ASB Works software. At Pine Hollow Middle, College Park High and Ygnacio Valley High, the bank reconciliations also identified stale-dated checks, which are defined as checks older than six months old.

> ***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.

Nigro & Nigro, PC

Murrieta, California
December 13, 2023