MT. DIABLO UNIFIED SCHOOL DISTRICT
CONTRA COSTA COUNTY
AUDIT REPORT
For the Fiscal Year Ended
June 30, 2025

NIGRO & NIGRO PC

MT. DIABLO UNIFIED SCHOOL DISTRICT
For the Fiscal Year Ended June 30, 2025
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Financial Section

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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, 2025, 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, 2025, and the respective changes in financial position 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 *2024-25 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.

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Changes in Accounting Principle
As discussed in Note 1 to the financial statements, the District has implemented the provisions of GASB Statement No. 101, *Compensated Absences.* Accordingly, prior year liabilities on the Statement of Net Position were restated to adopt this standard. Our opinion is not modified with respect to this matter.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

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

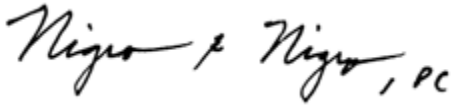
Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal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

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

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

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards,* we have also issued our report dated December 15, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Murrieta, California
December 15, 2025

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, 2025. Please read it in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's financial status decreased overall as a result of this year's operations. Net position of governmental activities decreased by $1.9 million, or 3.9%.
- Governmental expenses were about $543.8 million. Revenues were about $541.9 million.
- The District acquired over $59.0 million in new capital assets during the year.
- Governmental funds decreased by $36.8 million, or 10.4%.
- Reserves for the General Fund decreased by $13.3 million or 45.7%. Revenues were $483.4 million, and expenditures were $527.8 million.

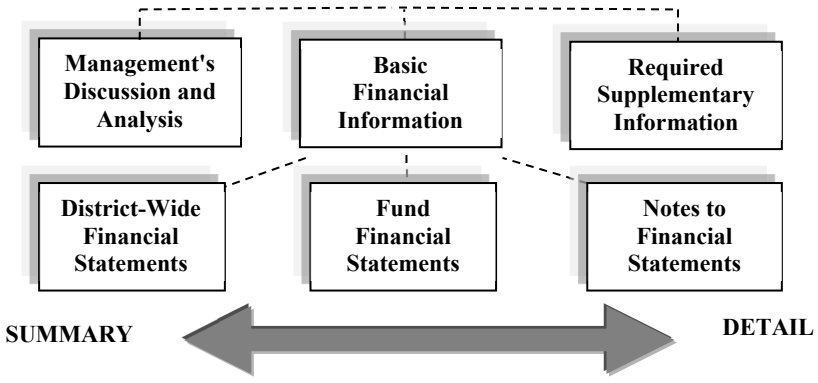
OVERVIEW OF THE FINANCIAL STATEMENTS

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 it 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 lower on June 30, 2025, than it was the year before – decreasing 3.9% to $(50.2) million (See Table A-1).

Table A-1: Statement of Net Position

	Governmental Activities		
	2025	2024*	Net Change
Assets			
Current assets	$ 375,958,693	$ 405,415,044	$ (29,456,351)
Capital assets	633,431,952	602,401,425	31,030,527
Total Assets	1,009,390,645	1,007,816,469	1,574,176
Total Deferred Outflows of Resources	140,517,776	133,799,406	6,718,370
Liabilities			
Current liabilities	64,302,300	58,228,502	6,073,798
Long-term liabilities	978,780,870	997,713,001	(18,932,131)
Total Liabilities	1,043,083,170	1,055,941,503	(12,858,333)
Total Deferred Inflows of Resources	157,038,758	133,989,604	23,049,154
Net Position			
Net investment in capital assets	207,078,803	192,197,389	14,881,414
Restricted	147,764,395	155,941,913	(8,177,518)
Unrestricted	(405,056,705)	(396,454,534)	(8,602,171)
Total Net Position	$ (50,213,507)	$ (48,315,232)	$ (1,898,275)

* *As restated*

Changes in net position, governmental activities. The District's total revenues decreased 4.7% to $541.9 million (See Table A-2). The decrease is due primarily to reduced federal and state grants.

The total cost of all programs and services increased 7.7% to $543.8 million. The District's expenses are predominantly related to educating and caring for students, 76.8%. The purely administrative activities of the District accounted for just 5.2% of total costs. A significant contributor to the increase in costs was increased salaries, benefits, and pension costs.

Table A-2: Statement of Activities

	Governmental Activities		
	2025	2024	Net Change
Revenues			
Program Revenues:			
Charges for services	$ 4,661,754	$ 2,496,180	$ 2,165,574
Operating grants and contributions	120,365,682	146,307,480	(25,941,798)
Capital grants and contributions	132,817	161,471	(28,654)
General Revenues:			
Property taxes	245,019,461	244,620,419	399,042
Federal and state aid not restricted	150,168,019	152,599,009	(2,430,990)
Other general revenues	21,518,005	22,204,464	(686,459)
Total Revenues	541,865,738	568,389,023	(26,523,285)
Expenses			
Instruction-related	347,475,933	328,898,539	18,577,394
Pupil services	69,959,131	60,586,401	9,372,730
Administration	28,351,800	23,673,497	4,678,303
Plant services	77,695,446	70,605,793	7,089,653
All other activities	20,281,703	21,289,201	(1,007,498)
Total Expenses	543,764,013	505,053,431	38,710,582
Increase (decrease) in net position	$ (1,898,275)	$ 63,335,592	$ (65,233,867)
Total Net Position	$ (50,213,507)	$ (48,315,232)	

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 $315.9 million, which is below last year's ending fund balance of $352.7 million. The primary cause of the decreased fund balance is increased salaries, benefits, and pension costs in the General Fund.

Table A-3: The District's Fund Balances

	Fund Balances				
Fund	July 1, 2024	Revenues	Expenditures	Other Sources and (Uses)	June 30, 2025
General Fund	$ 213,216,542	$ 483,381,179	$ 527,764,539	$ -	$ 168,833,182
Student Activity Fund	736,717	689,775	679,675	-	746,817
Adult Education Fund	3,494,310	7,629,776	7,700,470	-	3,423,616
Cafeteria Fund	15,544,581	22,634,660	20,753,638	-	17,425,603
Deferred Maintenance Fund	3,395,452	-	3,260,665	-	134,787
Building Fund	46,108,399	926,541	47,927,431	55,000,000	54,107,509
Capital Facilities Fund	24,081,889	2,558,641	2,269,633	-	24,370,897
County School Facilities Fund	3,659,979	132,817	-	-	3,792,796
Capital Projects Fund for Blended Component Units	825,167	2,780,229	2,777,103	-	828,293
Bond Interest and Redemption Fund	41,662,215	43,303,926	48,472,788	5,755,923	42,249,276
Totals	$ 352,725,251	$ 564,037,544	$ 661,605,942	$ 60,755,923	$ 315,912,776

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 $26.8 million primarily to reflect federal and state budget actions.
- Salaries and benefits costs – increased $11.5 million to reflect revised cost estimates.
- Other non-personnel expenses – increased $54.2 million to revise operational cost estimates.

While the District's final budget for the General Fund anticipated that expenditures would exceed revenues by about $84.9 million, the actual results for the year show that expenditures exceeded revenues by roughly $44.4 million. Actual revenues were $1.8 million more than anticipated, and expenditures were $38.7 million less than budgeted.

That amount consists primarily of capital outlay and restricted program dollars that were not spent as of June 30, 2025, that will be carried over into the 2025-26 budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of 2024-25 the District had acquired $59.0 million in new capital assets, related to land, construction in progress, site improvements, leases, and equipment purchases. (More detailed information about capital assets can be found in Note 5 to the financial statements). Total depreciation expense for the year was $27.0 million, and amortization was $0.9 million.

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

	Governmental Activities		
	2025	2024	Net Change
Land	$ 14,436,462	$ 14,436,462	$ -
Buildings and improvements	495,063,033	453,735,674	41,327,359
Equipment	26,722,305	16,938,193	9,784,112
Construction in progress	94,439,112	113,596,326	(19,157,214)
Lease assets	2,771,040	3,694,770	(923,730)
Total	$ 633,431,952	$ 602,401,425	$ 31,030,527

Long-Term Debt

At year-end the District had $978.8 million in long-term liabilities – a decrease of 1.9% from last year – as shown in Table A-5. (More detailed information about the District's long-term liabilities is presented in Notes 6-8 to the financial statements).

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

	Governmental Activities		
	2025	2024*	Net Change
General obligation bonds	$ 471,767,022	$ 444,445,299	$ 27,321,723
Certificates of participation	7,069,337	9,823,509	(2,754,172)
Construction loan	2,930,672	2,946,435	(15,763)
Lease liabilities	2,866,546	3,768,024	(901,478)
Supplemental employee retirement plan	-	1,733,320	(1,733,320)
Compensated absences	7,897,530	7,125,778	771,752
Other postemployment benefits	205,800,155	205,414,594	385,561
Net pension liability	280,449,608	322,456,042	(42,006,434)
Total	$ 978,780,870	$ 997,713,001	$ (18,932,131)

* *As restated*

FACTORS BEARING ON THE DISTRICT'S FUTURE

California State Budget
The Budget aims to solve a $11.8 billion General Fund deficit for 2025-26 through reductions, borrowing and fund shifts. The 2025-26 Enacted Budget relies on reserves and deferrals to meet its Proposition 98 obligations for the fiscal year, including the scheduled $7.1 billion Budget Stabilization Act (BSA) withdrawal in 2025-26. This will leave a combined reserve balance of $15.7 billion in 2025-26, including $11.2 billion in the BSA and an additional $4.5 billion in the state's discretionary reserve account (the Special Fund for Economic Uncertainties).

TK-12 Education
The Budget includes total funding of $137.6 billion ($80.5 billion General Fund and $57.1 billion other funds) for all TK-12 education programs.

Proposition 98
The Budget revised estimates of General Fund revenues resulting in notable adjustments to the Proposition 98 Guarantee. The revised Guarantee for TK-14 schools is calculated to be $98.5 billion in 2023-24, $119.9 billion in 2024-25, and $114.6 billion in 2025-26. These revised Proposition 98 levels represent an increase of approximately $3.9 billion over the three-year period relative to the 2024 Budget Act. The Budget appropriates the 2024-25 Guarantee at $118 billion, instead of the currently calculated level of $119.9 billion. The difference between the appropriated and the calculated levels is $1.9 billion, which is referred to as "settle-up." The 2024-25 Guarantee level will not be finalized until that fiscal year is certified—a process that will occur throughout 2026.

The Budget shifts the full TK expansion funding to the TK-12 education side of the Proposition 98 budget, beginning in the 2025-26 fiscal year. This shifts $232.9 million in ongoing resources from community colleges to TK-12 schools. The purpose of re-benching Proposition 98 for the cost of TK expansion is to ensure that the implementation of universal TK does not create a fiscal burden on existing TK-12 programs.

The Budget includes a LCFF cost-of-living adjustment of 2.3 percent. When combined with population growth adjustments, these baseline adjustments will increase discretionary funds for local educational agencies (LEAs) by $2.1 billion compared to the 2024 Budget Act. To fully fund the LCFF, the Budget uses $405.3 million from the Proposition 98 Rainy Day Fund to support LCFF costs in 2025-26.

Budgetary deferrals of $246.6 million for TK-12 education from 2024-25 will be fully repaid in 2025-26. However, to fully fund the LCFF and maintain the level of 2025-26 principal apportionments, the Budget defers $1.9 billion in LCFF funding from June 2026 to July 2026.

Funding Results for Education Programs
In the 2025-26 school year, the Budget provides a total of $2.1 billion ongoing Proposition 98 General Fund (inclusive of all prior years' investments) to support the full implementation of universal TK. The Budget also provides an additional $1.2 billion ongoing Proposition 98 General Fund to support further lowering the average student-to-adult ratio from 12:1 to 10:1 in every TK classroom.

The Budget provides $515.1 million ongoing for the full implementation of the Expanded Learning Opportunities Program by increasing the number of elementary schools that offer universal access to students. Additionally, the Budget includes $10.4 million to increase the minimum grant amount from $50,000 to $100,000 per LEA.

The Budget provides $480 million to support literacy instruction aligned with the ELA/ELD Framework and includes multiple investments intended to support teachers and improve access to the educator pipeline. In addition, the Budget allocates $1.7 billion one-time Proposition 98 General Fund for the Student Support and Professional Development Discretionary Block Grant, as well as numerous one-time grants for various new and ongoing program support.

FACTORS BEARING ON THE DISTRICT'S FUTURE (continued)

Federal Implications
Because the State Budget was approved in late June, it does not reflect the impact of the cuts in federal spending included in the federal omnibus tax and spending bill signed in early July. The bill does not make any statutory or direct funding adjustments to TK-12 federal education programs, including Title I and the Individuals with Disabilities Education Act. However, the bill allocates $100 million to the OMB to conduct reviews across the executive branch aimed at identifying "budget and accounting efficiencies."

All of these factors were considered in preparing the Mt. Diablo Unified School District budget for the 2025-26 fiscal year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

MT. DIABLO UNIFIED SCHOOL DISTRICT

Statement of Net Position

June 30, 2025

	Governmental Activities
ASSETS	
Deposits and investments	$ 327,008,601
Accounts receivable	46,202,081
Prepaid expenses	212,105
Inventories	903,438
Other current assets	1,570
Lease receivables	1,630,898
Capital assets:	
Non-depreciable capital assets	108,875,574
Depreciable capital assets	1,009,407,255
Less accumulated depreciation	(487,621,917)
Lease assets:	5,157,369
Less accumulated amortization	(2,386,329)
Total Assets	1,009,390,645
DEFERRED OUTFLOWS OF RESOURCES	
Deferred amounts on refunding	4,172,919
Deferred outflows related to OPEB	19,415,940
Deferred outflows related to pensions	116,928,917
Total Deferred Outflows of Resources	140,517,776
LIABILITIES	
Accounts payable	55,325,494
Accrued interest payable	5,841,247
Unearned revenue	3,135,559
Noncurrent liabilities:	
Due or payable within one year	37,459,523
Due in more than one year:	
Other than OPEB and pensions	455,071,584
Total OPEB liability	205,800,155
Net pension liability	280,449,608
Total Liabilities	1,043,083,170
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to leases	1,584,864
Deferred inflows related to OPEB	60,057,495
Deferred inflows related to pensions	95,396,399
Total Deferred Inflows of Resources	157,038,758
NET POSITION	
Net investment in capital assets	207,078,803
Restricted for:	
Capital projects	17,347,409
Debt service	42,249,276
Student activities	746,817
Categorical programs	87,420,893
Unrestricted	(405,056,705)
Total Net Position	$ (50,213,507)

MT. DIABLO UNIFIED SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2025

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	$ 291,806,214	$ 1,797,619	$ 55,951,117	$ 132,817	$ (233,924,661)
Instruction-Related Services:					
Supervision of instruction	19,700,207	163,521	7,542,983	-	(11,993,703)
Instructional library, media and technology	3,235,586	2,690	112,926	-	(3,119,970)
School site administration	32,733,926	18,662	2,068,416	-	(30,646,848)
Pupil Support Services:					
Home-to-school transportation	14,081,247	1,595	70,421	-	(14,009,231)
Food services	20,384,114	7,737	22,041,354	-	1,664,977
All other pupil services	35,493,770	380,747	11,213,161	-	(23,899,862)
General Administration Services:					
Data processing services	6,108,272	-	(5,560)	-	(6,113,832)
Other general administration	22,243,528	116,002	4,405,583	-	(17,721,943)
Plant services	77,695,446	1,664,145	15,494,544	-	(60,536,757)
Ancillary services	3,364,817	482,932	1,147,938	-	(1,733,947)
Community services	2,583	23	213	-	(2,347)
Interest on long-term debt	13,754,203	-	-	-	(13,754,203)
Other outgo	2,236,370	26,081	322,586	-	(1,887,703)
Amortization (unallocated)	923,730	-	-	-	(923,730)
Total Governmental Activities	$ 543,764,013	$ 4,661,754	$ 120,365,682	$ 132,817	(418,603,760)
General Revenues:					
Property taxes					245,019,461
Federal and state aid not restricted to specific purpose					150,168,019
Interest and investment earnings					8,352,328
Miscellaneous					13,165,677
Subtotal general revenues					416,705,485
Change in net position					(1,898,275)
Net position - July 1, 2024, as originally reported					(45,816,736)
Adjustments for restatements (Note 12)					(2,498,496)
Net position - July 1, 2024, as restated					(48,315,232)
Net position - June 30, 2025					$ (50,213,507)

MT. DIABLO UNIFIED SCHOOL DISTRICT

Balance Sheet – Governmental Funds

June 30, 2025

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Deposits and investments	$ 170,756,211	$ 64,378,815	$ 42,247,706	$ 49,625,869	$ 327,008,601
Accounts receivable	41,654,544	-	-	4,547,537	46,202,081
Stores inventories	667,015	-	-	236,423	903,438
Prepaid expenditures	212,105	-	-	-	212,105
Other current assets	-	-	1,570	-	1,570
Lease receivables	1,630,898	-	-	-	1,630,898
Total Assets	$ 214,920,773	$ 64,378,815	$ 42,249,276	$ 54,409,829	$ 375,958,693
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities					
Accounts payable	$ 41,251,859	$ 10,271,306	$ -	$ 3,802,329	$ 55,325,494
Unearned revenue	3,116,081	-	-	19,478	3,135,559
Total Liabilities	44,367,940	10,271,306	-	3,821,807	58,461,053
Deferred Inflows of Resources					
Deferred inflows related to leases	1,584,864	-	-	-	1,584,864
Fund Balances					
Nonspendable	1,183,890	-	-	236,423	1,420,313
Restricted	69,675,305	54,107,509	42,249,276	35,603,391	201,635,481
Assigned	82,310,508	-	-	14,748,208	97,058,716
Unassigned	15,798,266	-	-	-	15,798,266
Total Fund Balances	168,967,969	54,107,509	42,249,276	50,588,022	315,912,776
Total Liabilities, Deferred Inflows, and Fund Balances	$ 214,920,773	$ 64,378,815	$ 42,249,276	$ 54,409,829	$ 375,958,693

MT. DIABLO UNIFIED SCHOOL DISTRICT

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total Fund Balances - Governmental Funds			$ 315,912,776
In governmental funds, only current assets are reported. In the statement of net position, all assets are reported, including capital assets and accumulated depreciation, lease and subscription assets and accumulated amortization.			
	Capital assets, at historical cost:	1,118,282,829	
	Accumulated depreciation:	(487,621,917)	
	Lease assets, at historical cost:	5,157,369	
	Accumulated amortization:	(2,386,329)	
	Net:		633,431,952
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:			(5,841,247)
Deferred amounts on refunding represent amounts paid to an escrow agent in excess of the outstanding debt at the time of the payment for refunded bonds which have been defeased. In the government-wide statements it is recognized as a deferred outflow. The remaining deferred amounts on refunding at the end of the period were:			4,172,919
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	471,767,022	
	Certificates of participation payable	7,069,337	
	Construction loan payable	2,930,672	
	Lease liabilities	2,866,546	
	Compensated absences payable	7,897,530	
	Other postemployment benefits	205,800,155	
	Net pension liability	280,449,608	
	Total		(978,780,870)
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	19,415,940	
	Deferred inflows of resources	(60,057,495)	
	Total		(40,641,555)
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	116,928,917	
	Deferred inflows of resources	(95,396,399)	
	Total		21,532,518
Total Net Position - Governmental Activities			$ (50,213,507)

MT. DIABLO UNIFIED SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES					
LCFF sources	$ 338,675,447	$ -	$ -	$ -	$ 338,675,447
Federal sources	19,394,238	-	135,408	11,846,262	31,375,908
Other state sources	87,892,739	-	190,698	15,607,347	103,690,784
Other local sources	37,418,755	926,541	42,977,820	8,972,289	90,295,405
Total Revenues	483,381,179	926,541	43,303,926	36,425,898	564,037,544
EXPENDITURES					
Current:					
Instruction	323,594,143	-	-	3,876,884	327,471,027
Instruction-related services:					
Supervision of instruction	21,314,503	-	-	619,044	21,933,547
Instructional library, media and technology	3,273,730	-	-	164,622	3,438,352
School site administration	33,690,364	-	-	2,690,628	36,380,992
Pupil support services:					
Home-to-school transportation	14,678,624	-	-	-	14,678,624
Food services	2,121,803	-	-	20,049,458	22,171,261
All other pupil services	39,512,828	-	-	-	39,512,828
Ancillary services	2,702,135	-	-	679,675	3,381,810
Community services	2,583	-	-	-	2,583
General administration services:					
Data processing services	6,307,478	-	-	-	6,307,478
Other general administration	23,592,223	-	-	67,877	23,660,100
Transfers of indirect costs	(1,051,778)	-	-	1,047,342	(4,436)
Plant services	52,144,345	-	-	55,077	52,199,422
Capital outlay	4,187,523	47,927,431	-	4,914,149	57,029,103
Intergovernmental transfers	1,207,539	-	-	-	1,207,539
Debt service:					
Issuance costs	-	-	438,243	-	438,243
Principal	3,261,478	-	30,435,000	15,763	33,712,241
Interest	485,683	-	17,599,545	-	18,085,228
Total Expenditures	531,025,204	47,927,431	48,472,788	34,180,519	661,605,942
Excess (Deficiency) of Revenues Over (Under) Expenditures	(47,644,025)	(47,000,890)	(5,168,862)	2,245,379	(97,568,398)
OTHER FINANCING SOURCES (USES)					
Issuance of debt - general obligation bonds	-	55,000,000	-	-	55,000,000
Issuance of debt - refunding bonds	-	-	82,595,000	-	82,595,000
Premium on bond issuances	-	-	13,094,876	-	13,094,876
Transfer to escrow agent for defeased debt	-	-	(89,933,953)	-	(89,933,953)
Total Other Financing Sources and Uses	-	55,000,000	5,755,923	-	60,755,923
Net Change in Fund Balances	(47,644,025)	7,999,110	587,061	2,245,379	(36,812,475)
Fund Balances, July 1, 2024	216,611,994	46,108,399	41,662,215	48,342,643	352,725,251
Fund Balances, June 30, 2025	$ 168,967,969	$ 54,107,509	$ 42,249,276	$ 50,588,022	$ 315,912,776

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, 2025

Total Net Change in Fund Balances - Governmental Funds		$ (36,812,475)
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	58,990,393	
Depreciation expense	(27,036,136)	
Amortization expense	(923,730)	
		31,030,527
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:		121,927,241
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:		(150,689,876)
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:		(497,913)
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:		5,112,325
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:		1,911,096
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).		(771,752)
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:		30,374,787
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:		(5,215,555)
Change in Net Position of Governmental Activities		$ (1,898,275)

MT. DIABLO UNIFIED SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2025

	Custodial Fund	Trust Fund
	Debt Service Funds for Special Tax Bonds	Private-Purpose Trust Fund
ASSETS		
Deposits and investments	$ 7,164,002	$ 66,005
NET POSITION		
Restricted for:		
CFD debt service	7,164,002	-
Individuals and organizations	-	66,005
Total Net Position	$ 7,164,002	$ 66,005

MT. DIABLO UNIFIED SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
June 30, 2025

	Custodial Fund	Trust Fund
	Debt Service Funds for Special Tax Bonds	Private-Purpose Trust Fund
ADDITIONS		
Local property taxes	$ 6,607,497	$ -
Interest and investment earnings	230,549	2,312
Total Additions	6,838,046	2,312
DEDUCTIONS		
Debt service - interest	40,625	-
Debt service - principal	1,625,000	-
All other transfers out	5,531,380	-
Total Deductions	7,197,005	-
Change in fiduciary net position	(358,959)	2,312
Net position - July 1, 2024	7,522,961	63,693
Net position - June 30, 2025	$ 7,164,002	$ 66,005

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.

For financial reporting purposes, the following component unit has a financial and operational relationship which meets the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus – An Amendment of GASB Statements No. 14 and No. 34*, and thus is included in the financial statements using the blended presentation method as if it were part of the District's operations because the Board of Education of the component unit is the same as the Board of Education of the District and because its purpose is to finance the construction of facilities to be used for the direct benefit of the District.

The Mt. Diablo Unified School District Community Facilities District (CFD) financial activity is presented in the financial statements as the Capital Projects Fund for Blended Component Units and in the Fiduciary Funds Statement as the Debt Service Fund for Special Tax Bonds. Special Tax Bonds issued by the CFD are not included in the long-term obligations of the *Statement of Net Position* as they are not obligations of the District. Individually prepared financial statements are not prepared for the CFD.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Basis of Presentation, Basis of Accounting

2. Basis of Presentation (continued)

District-Wide Financial Statements (continued)
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.

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.

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)

Special Revenue Funds (continued):

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).

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 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 resources 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. 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.

D. 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.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

6. Compensated Absences

The District has implemented GASB Statement No. 101, *Compensated Absences.* A liability is reported for unused vacation leave. Although sick leave is not paid out upon separation, a liability is recorded for the portion of sick leave that is more likely than not to be used for paid time off. The liability is measured using current pay rates and includes applicable salary-related costs.

7. Leases

Lessee:
The District recognizes a lease liability and an intangible right-to-use leased asset in the government-wide financial statements. At the commencement of the lease term, the District 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 leased asset is initially measured as the initial amount of the lease liability, plus certain initial direct costs. Subsequently, the leased asset is amortized on a straight-line basis over the lease term or useful life of the underlying assets.

Lessor:
The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. 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.

8. Subscription-Based Information Technology Arrangements

The District recognizes a subscription liability and an intangible right-to-use subscriptions IT asset (subscription IT asset) in the government-wide financial statements. At the commencement of the lease liability, the District measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of subscription payments made. The subscription IT asset is initially measured as the initial amount of the subscription liability, plus certain initial direct costs. Subsequently, the subscription IT asset is amortized on a straight-line basis over the subscription term or useful life of the underlying asset. The amortization period varies from 2 to 4 years.

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.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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)

D. 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.

E. Minimum Fund Balance Policy

The District has an expenditure policy relating to fund balances. For purposes of fund balance classifications, expenditures are to be spent from restricted fund balances first, followed in order by committed fund balances (if any), assigned fund balances and unassigned fund balances. While GASB Code Sections 1300 and 1800 do not require Districts to establish a minimum fund balance policy or a stabilization arrangement, GASB Code Sections 1300 and 1800 do require the disclosure of a minimum fund balance policy and stabilization arrangements, if they have been adopted by the Board of Education. At June 30, 2023, the District has established a minimum fund balance policy requiring no less than 3% of General Fund expenditures and other financing uses. At June 30, 2025, the District has not established a stabilization arrangement.

F. 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.

G. 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 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Change in Accounting Principle

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences.* This standard requires the recognition of accrued compensated absences as a liability in the financial statements. The implementation resulted in a cumulative effect adjustment to beginning net position to reflect the recognition of accumulated leave liabilities previously unrecorded. The impact on the District's beginning net position was a decrease of $2,498,496.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments as of June 30, 2025, are classified in the accompanying financial statements as follows:

Governmental funds/activities	$	327,008,601
Fiduciary funds		7,230,007
Total Deposits and Investments	$	334,238,608

Deposits and investments as of June 30, 2025, consist of the following:

Cash on hand and in banks	$	863,931
Cash in revolving fund		304,770
Cash with fiscal agent		4,696,225
Investments		340,962,480
Total Deposits and Investments	$	346,827,406

Pooled Funds

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

Local Agency Investment Fund

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

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. In addition, the *California Government Code* requires that a financial institution secure deposits made by State or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit).

The market value of the pledged securities in the collateral pool must equal at least 110 percent of the total amount deposited by the public agencies. California law also allows financial institutions to secure public deposits by pledging first trust deed mortgage notes having a value of 150 percent of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105 percent of the secured deposits.

As of June 30, 2025, $753,801 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, 2025, 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	$ 4,134,305	$ 4,134,305	$ -	Uncategorized
Contra Costa County Investment Pool	N/A	336,828,175	336,828,175	-	Uncategorized
Total Investments		$ 340,962,480	$ 340,962,480	$ -	

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, 2025, 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, 2025, 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 – RECEIVABLES

A. Accounts Receivable

Accounts receivable as of June 30, 2025, consisted of the following:

	Governmental Activities		
	General Fund	Non-Major Governmental Funds	Total Governmental Funds
Federal Government:			
Categorical aid programs	$ 9,312,929	$ 1,916,618	$ 11,229,547
State Government:			
LCFF sources	14,572,597	-	14,572,597
Lottery	2,892,718		2,892,718
Categorical aid programs	2,106,447	-	2,106,447
Local:	11,195,510	2,630,919	13,826,429
Other local	1,574,343		1,574,343
Total	$ 41,654,544	$ 4,547,537	$ 46,202,081

NOTE 3 – RECEIVABLES (continued)

B. Lease Receivables

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

The District recognized $624,491 in lease revenue and $39,983 in interest revenue during the current fiscal year related to the leases. As of June 30, 2025, the District's receivable for lease payments was $1,630,898, calculated using various discount rates ranging between 0.20% and 3.22%. Also, the District has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease terms. As of June 30, 2025, the balance of the deferred inflow of resources was $1,584,864.

NOTE 4 – FUND BALANCES

At June 30, 2025, fund balances of the District's governmental funds were classified as follows:

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable:					
Revolving cash	$ 304,770	$ -	$ -	$ -	$ 304,770
Stores inventories	667,015	-	-	236,423	903,438
Prepaid expenditures	212,105	-	-	-	212,105
Total Nonspendable	1,183,890	-	-	236,423	1,420,313
Restricted:					
Categorical programs	69,675,305	-	-	319,985	69,995,290
Student body activities	-	-	-	746,817	746,817
Child nutrition program	-	-	-	17,189,180	17,189,180
Capital projects	-	54,107,509	-	17,347,409	71,454,918
Debt service	-	-	42,249,276	-	42,249,276
Total Restricted	69,675,305	54,107,509	42,249,276	35,603,391	201,635,481
Assigned:					
Adult education programs	-	-	-	3,103,631	3,103,631
2025-26 projected deficit	25,934,491	-	-	-	25,934,491
2026-27 projected deficit	20,904,364	-	-	-	20,904,364
2027-28 projected deficit	16,186,866	-	-	-	16,186,866
Collective bargaining contingency	14,700,000	-	-	-	14,700,000
ERP conversion	1,450,000	-	-	-	1,450,000
Legal settlements	3,000,000	-	-	-	3,000,000
Deferred maintenance program	134,787	-	-	-	134,787
Other assignments	-	-	-	11,644,577	11,644,577
Total Assigned	82,310,508	-	-	14,748,208	97,058,716
Unassigned:					
Reserve for economic uncertainties	15,798,266	-	-	-	15,798,266
Total Unassigned	15,798,266	-	-	-	15,798,266
Total	$ 168,967,969	$ 54,107,509	$ 42,249,276	$ 50,588,022	$ 315,912,776

NOTE 5 – CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2025, was as follows:

	Balance, July 1, 2024	Additions	Retirements	Balance, June 30, 2025
Capital assets not being depreciated:				
Land	$ 14,436,462	$ -	$ -	$ 14,436,462
Construction in progress	113,596,326	45,104,271	64,261,485	94,439,112
Total capital assets not being depreciated	128,032,788	45,104,271	64,261,485	108,875,574
Capital assets being depreciated:				
Land improvements	129,757,098	2,795,689	-	132,552,787
Buildings	753,858,521	61,465,796	-	815,324,317
Furniture, equipment, and vehicles	47,644,029	13,886,122	-	61,530,151
Total capital assets being depreciated	931,259,648	78,147,607	-	1,009,407,255
Accumulated depreciation for:				
Land improvements	(65,065,579)	(6,627,639)	-	(71,693,218)
Buildings	(364,814,366)	(16,306,487)	-	(381,120,853)
Furniture, equipment, and vehicles	(30,705,836)	(4,102,010)	-	(34,807,846)
Total accumulated depreciation	(460,585,781)	(27,036,136)	-	(487,621,917)
Total capital assets being depreciated, net	470,673,867	51,111,471	-	521,785,338
Capital assets, net	598,706,655	96,215,742	64,261,485	630,660,912
Lease assets:				
Right-of-use lease assets	5,157,369	-	-	5,157,369
Less accumulated amortization	(1,462,599)	(923,730)	-	(2,386,329)
Lease assets, net	3,694,770	(923,730)	-	2,771,040
Governmental activity capital assets, net	$ 602,401,425	$ 95,292,012	$ 64,261,485	$ 633,431,952

Depreciation expense was charged to governmental activities as follows:

Depreciation by Function:	Governmental Activities
Instruction	$ 13,206
Supervision of instruction	10,566
All other pupil services	648,791
All other general administration	103,652
Plant services	26,259,921
Total depreciation expense	$ 27,036,136

NOTE 6 – 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, 2025, were as follows:

	Balance, July 1, 2024	Additions	Deductions	Balance, June 30, 2025	Amount Due Within One Year
General Obligation Bonds:					
Principal Payments	$ 403,215,000	$ 137,595,000	$ 118,650,000	$ 422,160,000	$ 28,745,000
Unamortized Issuance Premium	41,230,299	13,094,876	4,718,153	49,607,022	4,094,134
Total GO Bonds	444,445,299	150,689,876	123,368,153	471,767,022	32,839,134
Certificates of Participation:					
Principal Payments	9,015,000	-	2,360,000	6,655,000	3,360,000
Unamortized Issuance Premium	808,509	-	394,172	414,337	414,337
Total Certificates of Participation	9,823,509	-	2,754,172	7,069,337	3,774,337
Construction Loan	2,946,435	-	15,763	2,930,672	-
Lease Liabilities	3,768,024	-	901,478	2,866,546	846,052
Supplemental Employee Retirement Plan	1,733,320	-	1,733,320	-	-
Compensated Absences:					
Vacation Leave	4,627,282	564,486	-	5,191,768	-
Sick Leave*	2,498,496	207,266	-	2,705,762	-
Totals	$ 469,842,365	$ 151,461,628	$ 128,772,886	$ 492,531,107	$ 37,459,523

** Beginning balance of sick leave restated due to the implementation of GASB Statement No.101*

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. Additions and deductions for compensated absences are reported net of their cumulative change in the current year. The leases and supplemental retirement plan are 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.

2025 Refunding Bonds
On May 22, 2025, the District issued 2025 Refunding General Obligation Bonds in the amount of $82,595,000. The Refunding Bonds were issued as serial bonds with interest rates of 5.0% and maturities between August 1, 2025, and August 1, 2035. The Refunding Bonds were issued by the District to refund $88,215,000 of the District's outstanding 2010 General Obligation Refunding Bonds, Series A, issued on September 30, 2010.

NOTE 6 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

2025 Refunding Bonds (continued)
The refunding decreased the District's total debt service payments by $12,591,683. The transaction resulted in an economic gain (difference between the present value of the debt service on the old and the new debt) of $10,688,922.

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, 2025, $88,215,000 of the defeased bonds remain outstanding.

The difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred inflow 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, 2025, deferred outflows on refunding were $4,172,919.

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, 2025, follows:

Series	Issue Date	Maturity Date	Interest Rate	Original Issue	Balance, July 1, 2024	Additions	Deductions	Advance Refunded	Balance, June 30, 2025
Refunding Bonds									
2021 Refunding, Series A	10/7/2021	8/1/2031	1.25%-4.00%	$ 28,270,000	$ 11,990,000	$ -	$ 2,715,000	$ -	$ 9,275,000
2022 Refunding, Series B	5/5/2022	6/1/2037	4.00%	147,145,000	141,345,000	-	8,585,000	-	132,760,000
2023 Refunding	5/4/2023	6/1/2031	5.00%	36,450,000	35,980,000	-	955,000	-	35,025,000
2025 Refunding	5/22/2025	8/1/2035	5.00%	82,595,000	-	82,595,000	-		82,595,000
Sub-Total				294,460,000	189,315,000	82,595,000	12,255,000	-	259,655,000
Election of 2010 (Measure C)									
Series A	9/30/2010	8/1/2025	2.46%-5.77%	50,456,475	91,155,000	-	1,110,000	88,215,000	1,830,000
Series B	9/30/2010	8/1/2027	1.24%-5.55%	59,540,000	21,965,000	-	4,505,000	-	17,460,000
Series C	4/12/2011	8/1/2025	2.00%-5.40%	3,865,000	2,020,000	-	990,000	-	1,030,000
Series F	7/15/2015	8/1/2025	4.00%-5.00%	38,500,000	1,550,000	-	1,250,000	-	300,000
Series G	11/16/2016	8/1/2031	2.00%-3.00%	38,500,000	29,100,000	-	3,220,000	-	25,880,000
Sub-Total				190,861,475	145,790,000	-	11,075,000	88,215,000	46,500,000
Election of 2018 (Measure J)									
Series B	4/6/2022	8/1/2042	4.00%-5.00%	75,000,000	68,110,000	-	7,105,000	-	61,005,000
Series C	5/22/2025	8/1/2042	5.00%	55,000,000	-	55,000,000	-	-	55,000,000
Sub-Total				130,000,000	68,110,000	55,000,000	7,105,000	-	116,005,000
			Totals	$ 615,321,475	$ 403,215,000	$ 137,595,000	$ 30,435,000	$ 88,215,000	$ 422,160,000

NOTE 6 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

A. General Obligation Bonds (continued)

Summary (continued)
The annual requirements to amortize general obligation bonds payable are as follows:

Fiscal Year	Principal	Interest	Total
2025-2026	$ 28,745,000	$ 21,065,015	$ 49,810,015
2026-2027	32,470,000	16,875,873	49,345,873
2027-2028	34,320,000	15,371,677	49,691,677
2028-2029	33,965,000	13,832,338	47,797,338
2029-2030	36,480,000	12,259,138	48,739,138
2030-2035	145,055,000	38,113,748	183,168,748
2035-2040	80,925,000	13,840,708	94,765,708
2040-2043	30,200,000	2,306,375	32,506,375
Totals	$ 422,160,000	$ 133,664,872	$ 555,824,872

B. Certificates of Participation
In October 2018, the District issued the 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
2025-2026	$ 3,360,000	$ 248,750	$ 3,608,750
2026-2027	3,295,000	82,375	3,377,375
Totals	$ 6,655,000	$ 331,125	$ 6,986,125

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, 2025, is $2,930,672.

NOTE 6 – LONG-TERM LIABILITIES OTHER THAN OPEB OR PENSIONS (continued)

D. Lease Liabilities

The District has entered into agreements to lease various equipment. As of June 30, 2025, the District recognized a right-to-use lease asset, net of amortization, of $2,771,040 and a lease liability of $2,866,546 related to these agreements. The District is required to make principal and interest payments through January 2029. The lease agreements have discount rates that range from 0.20% to 2.85%.

The remaining principal and interest payment requirements for the lease obligation debt as of June 30, 2025, are as follows:

Fiscal Year	Principal	Interest	Total
2025-2026	$ 846,052	$ 69,549	$ 915,601
2026-2027	791,018	47,304	838,322
2027-2028	813,859	24,464	838,323
2028-2029	415,617	3,544	419,161
Totals	$ 2,866,546	$ 144,861	$ 3,011,407

E. Supplemental Employee Retirement Plan

Effective July 2020, the District established a Supplemental Employee Retirement Plan (SERP) for certain qualifying District employees. Under the terms of the SERP, the District made annual contributions of $1,733,320 to the plan for the future benefits to be paid to qualifying employees. Payments were made equally over a period of five fiscal years, for a total obligation of $8,666,600. At June 30, 2025, the balance of future District contributions was $0.

F. Non-Obligatory Debt

Non-obligatory debt relates to debt issuances by the Community Facilities Districts as authorized by the Mello-Roos Community Facilities Act of 1982 as amended, and the Mark-Roos Local Bond Pooling Act of 1985, and are payable from special taxes levied on property within the Community Facilities Districts according to a methodology approved by the voters within the District. Neither the faith and credit nor taxing power of the District is pledged to the payment of the bonds. Reserves have been established from the bond proceeds to meet delinquencies should they occur. If delinquencies occur beyond the amounts held in those reserves, the District has no duty to pay the delinquency out of any available funds of the District. The District acts solely as an agent for those paying taxes levied and the bondholders and may initiate foreclosure proceedings. As of June 30, 2025, all special assessment debt has been paid off.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For the fiscal year ended June 30, 2025, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

	OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
District Plan	$ 204,839,876	$ 19,415,940	$ 60,057,495	$ 12,256,453
MPP Program	960,279	-	-	(228,908)
Totals	$ 205,800,155	$ 19,415,940	$ 60,057,495	$ 12,027,545

The details of each plan are as follows:

District Plan

Plan Description
District provides healthcare benefits to eligible employees who retire from the District, as part of a single-employer defined benefit postemployment healthcare plan (the "Plan"). The Plan is administered by the District and allows employees who retire after having achieved retirement eligibility requirements to continue receiving medical coverage. The benefits from the Plan are available to Mount Diablo Educators Association (MDEA) employees, classified employees (Including Local 1 CST, Teamsters 856 and CSEA Employees), management & confidential employees, psychologists, and supervisors. The District's Board of Education has the authority to establish or amend the benefit terms offered by the Plan. The Board of Education also retains the authority to establish the requirements for paying the Plan benefits as they come due. As of June 30, 2025, 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.

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, Management, & Confidental Employees	*Psychologists*	*Classified & M&O Employess*
Beneifts Provided	Mecical & Dental	Medical & Dental	Medical Only
Duration of Benefits	To age 65	To aged 65	To age 65
Required Sevice	5 years	5 years	5 years
Minimum Age	55	55	55
Dependent Coverege	Yes	Yes	Yes
District Contribution	100% up to District Cap	100% up to District Cap	100% up to Dsitrict Cap
District Cap*	Kasier HMO Rate for Retiree and Spouse if retiring on or before age 63 Kaiser HMO Rate if retireing after age 63	Kasier HMO Rate for Retiree and Spouse if retiring on or before age 60 Kaiser HMO Rate if retireing after age 60	Kaiser HMO rate for Retiree

* Some employee groups retiring in past years may be subject to caps other than those shown above.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

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

Inactive employees or beneficiaries currently receiving benefit payments	1,485
Active employees	3,818
Total	5,303

Total OPEB Liability
The District's total OPEB liability of $204,839,876 for the Plan was measured as of June 30, 2025, and was determined by an actuarial valuation as of June 30, 2025.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2025, 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, 2025
Valuation interest rate	5.20%
Salary increases	2.75%
Healthcare cost trend rates	4.00%
Inflation	2.50%

Discount Rate
The discount rate for GASB 75 has been set equal to 5.20%, 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.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2024	$ 204,225,407
Changes for the year:	
Service cost	10,993,510
Interest	8,108,225
Differences between expected and actual experience	17,190,732
Changes of assumptions	(28,866,008)
Benefit payments	(6,811,990)
Net changes	614,469
Balance at June 30, 2025	$ 204,839,876

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	$ 227,089,953
Current discount rate	$ 204,839,876
1% increase	$ 185,646,673

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	$ 178,960,716
Current trend rate	$ 204,839,876
1% increase	$ 236,347,678

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

District Plan (continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2025, the District recognized OPEB expense of $12,256,453. In addition, at June 30, 2025, 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	$ 15,259,189	$ 6,163,142
Changes of assumptions	4,156,751	53,894,353
Totals	$ 19,415,940	$ 60,057,495

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
2026	$ 3,317,128	$ 10,162,410
2027	3,317,128	10,162,410
2028	3,317,124	10,162,410
2029	1,931,543	9,987,792
2030	1,931,543	8,036,559
Thereafter	5,601,474	11,545,914
Totals	$ 19,415,940	$ 60,057,495

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, 2023, 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.

NOTE 7 – OTHER POST-EMPLOYMENT BENEFITS (OPEB) (continued)

Medicare Premium Payment (MPP) Program (continued)

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, 2024, 4,121 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, 2025, the District reported a liability of $960,279 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, 2024, was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2023, and rolling forward the total OPEB liability to June 30, 2024. 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, 2025	Fiscal Year Ending June 30, 2024	Change Increase/ (Decrease)
Measurement Date	June 30, 2024	June 30, 2023	
Proportion of the Net OPEB Liability	0.360265%	0.391906%	(0.031641%)

For the year ended June 30, 2025, the District reported OPEB expense of $(228,908).

NOTE 7 – 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, 2023, 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, 2024
Valuation Date	June 30, 2023
Experience Study	July 1, 2007 through June 30, 2022
Actuarial Cost Method	Entry age actuarial cost method
Investment Rate of Return	3.93%
Healthcare Cost Trend Rates	5.0% for Medicare Part A, and 6.5% 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 154 or an average of 0.12% of the potentially eligible population of 132,333.

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

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, 2024, 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, 2024, 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, 2024, was 3.93%, which is an increase of 0.28% from 3.65% as of June 30, 2023.

NOTE 7 – 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	$ 1,036,118
Current discount rate	$ 960,279
1% increase	$ 893,594

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	$ 889,595
Current trend rate	$ 960,279
1% increase	$ 1,039,195

NOTE 8 – 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, 2025, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expenses for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 165,865,219	$ 61,986,441	$ 70,837,409	$ 523,256
CalPERS	114,584,389	54,942,476	24,558,990	15,194,862
Totals	$ 280,449,608	$ 116,928,917	$ 95,396,399	$ 15,718,118

NOTE 8 – 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, 2023, 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 the members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0% of final compensation for each year of credited service.

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

The STRP provisions and benefits in effect at June 30, 2025, 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 8 – PENSION PLANS (continued)

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

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

The contribution rates for each program for the year ended June 30, 2025, are presented above, and the District's total contributions were $34,944,032.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions
At June 30, 2025, 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	$	165,865,219
State's proportionate share of the net pension liability associated with the District		76,099,533
Total	$	241,964,752

The net pension liability was measured as of June 30, 2024. 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, 2025	Fiscal Year Ending June 30, 2024	Change Increase/ (Decrease)
Measurement Date	June 30, 2024	June 30, 2023	
Proportion of the Net Pension Liability	0.246959%	0.264957%	(0.017998%)

NOTE 8 – 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, 2025, the District recognized pension expense of $523,256. In addition, the District recognized pension expense and revenue of $(7,270,906) for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 34,944,032	$ -
Net change in proportionate share of net pension liability	7,554,857	51,586,938
Difference between projected and actual earnings on pension plan investments	-	669,260
Changes of assumptions	726,060	11,328,019
Differences between expected and actual experience	18,761,492	7,253,192
Totals	$ 61,986,441	$ 70,837,409

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
2026	$ 1,761,717	$ 24,391,334
2027	15,050,084	13,268,291
2028	1,985,942	13,267,595
2029	3,178,754	10,982,433
2030	3,761,578	4,157,035
Thereafter	1,304,334	4,770,721
Totals	$ 27,042,409	$ 70,837,409

NOTE 8 – 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, 2023, and rolling forward the total pension liability to June 30, 2024. Significant actuarial methods and assumptions used in the financial reporting actuarial valuation to determine the total pension liability as of June 30, 2024, include:

Valuation Date	June 30, 2023
Experience Study	July 1, 2007, through June 30, 2022
Actuarial Cost Method	Individual Entry Age
Investment Rate of Return	7.00%
Inflation	2.75%
Payroll Growth	3.50%

CalSTRS uses a generational mortality assumption, which is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality amongst our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

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 are developed for each major asset class/strategy. Expected real rates of return are net of the 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These 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 2024 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. The assumed asset allocation and best estimates of the expected rates of return for each major asset class/strategy as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Rate of Return	Long-Term Expected Real Rate of Return
Public Equity	38.0%	8.00%	5.25%
Real Estate	15.0%	6.80%	4.05%
Private Equity	14.0%	9.50%	6.75%
Fixed Income	14.0%	5.20%	2.45%
Risk Mitigating Strategies	10.0%	5.00%	2.25%
Inflation Sensitive	7.0%	6.40%	3.65%
Cash/Liquidity	2.0%	2.80%	0.05%

NOTE 8 – PENSION PLANS (continued)

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

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

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

Discount Rate		Net Pension Liability
1% decrease (6.10%)	$	295,019,950
Current discount rate (7.10%)	$	165,865,219
1% increase (8.10%)	$	58,015,659

On Behalf Payments
The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS pursuant to Sections 22954, 22955, and 22955.1 of the *Education Code* and *Public Resources Code* Section 6217.5. Under accounting principles generally accepted in the United States of America, these contributions are reported as revenues and expenditures in the fund financial statements. The total amount recognized by the District for its proportionate share of the State's on-behalf contributions is $15,366,097.

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, 2023, 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 8 – 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 members' 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, 2025, 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	27.05%	27.05%

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, 2025, are presented above, and the total District contributions were $20,049,658.

NOTE 8 – 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, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $114,584,389. The net pension liability was measured as of June 30, 2024. 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, 2025	Fiscal Year Ending June 30, 2024	Change Increase/ (Decrease)
Measurement Date	June 30, 2024	June 30, 2023	
Proportion of the Net Pension Liability	0.320616%	0.333331%	(0.012714%)

For the year ended June 30, 2025, the District recognized pension expense of $15,194,862. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 20,049,658	$ -
Net change in proportionate share of net pension liability	5,710,993	11,146,958
Difference between projected and actual earnings on pension plan investments	17,042,898	12,591,956
Changes of assumptions	2,532,702	-
Differences between expected and actual experience	9,606,225	820,076
Totals	$ 54,942,476	$ 24,558,990

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows/(inflows) of resources related to the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period. The deferred outflows/(inflows) of resources related to the net change in proportionate share of net pension liability, changes of assumptions, and differences between expected and actual experience in the measurement of the total pension liability will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years.

NOTE 8 – 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
2026	$ 16,782,342	$ 15,195,356
2027	13,949,643	4,694,917
2028	4,160,833	2,383,096
2029	-	2,285,621
2030	-	-
Thereafter	-	-
Totals	$ 34,892,818	$ 24,558,990

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, 2023, and rolling forward the total pension liability to June 30, 2024. The financial reporting actuarial valuation as of June 30, 2023, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation Date	June 30, 2023
Experience Study	2000-2019
Actuarial Cost Method	Individual 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 20-year 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. The discount rate used to discount liabilities was informed by the long-term projected portfolio return.

NOTE 8 – PENSION PLANS (continued)

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

Actuarial Methods and Assumptions (continued)
The target asset allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

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

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

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

Discount Rate		Net Pension Liability
1% decrease (5.9%)	$	170,216,065
Current discount rate (6.9%)	$	114,584,389
1% increase (7.9%)	$	68,628,195

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, 2025, the District did not have any outstanding payables for outstanding contributions to the CalSTRS and CalPERS pension plans, respectively, required for the fiscal year ended June 30, 2025.

NOTE 9 – JOINT VENTURES

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

NOTE 10 – 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, 2025, the District had commitments with respect to unfinished capital projects of approximately $27.3 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, 2025.

NOTE 11 – RISK MANAGEMENT

Property and Liability
For the fiscal year ending June 30, 2025, Mt. Diablo USD self-insures its property and liability claims up to $250,000 per occurrence. Mt. Diablo USD is a member of Northern California ReLiEF (NCR) for property coverage up to $250,000 and liability coverage up to $1,000,000 in excess of $250,000 retained limit. As a member of NCR, Mt. Diablo USD is afforded excess coverage through the Schools Association for Excess Risk (SAFER) up to $500,250,000 for property and $50,000,000 for liability.

Workers' Compensation
For the fiscal year ending June 30, 2025, Mt. Diablo USD is a member of the Protected Insurance Program for Schools (PIPS) for workers' compensation coverage. The Protected Insurance Program for Schools and Community Colleges (PIPS) is a self-insurance program that integrates risk transfer to reinsurers and risk retention by its self-insured members. This unique structure provides catastrophic protection up to $250,000,000 per occurrence and frequency protection up to $1,000,000 per occurrence in excess of a 99% undiscounted actuarial probability level.

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

NOTE 12 – ADJUSTMENTS FOR RESTATEMENTS

During the year, the District recorded the following adjustments to beginning balances at July 1, 2024:

	Statement of Activities
Net Position - July 1, 2024, as originally reported	$ (45,816,736)
Implementation of GASB Statement No.101	(2,498,496)
Net Position - July 1, 2024, as restated	$ (48,315,232)

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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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget -
	Original	Final	(Budgetary Basis)	Pos (Neg)
Revenues				
LCFF Sources	$ 337,129,805	$ 338,699,921	$ 338,675,447	$ (24,474)
Federal	20,931,605	20,540,878	19,394,238	(1,146,640)
Other State	80,576,867	91,634,158	87,892,739	(3,741,419)
Other Local	16,105,756	30,686,715	37,418,755	6,732,040
Total Revenues	454,744,033	481,561,672	483,381,179	1,819,507
Expenditures				
Current:				
Certificated Salaries	189,188,282	193,934,316	196,103,124	(2,168,808)
Classified Salaries	75,790,214	75,496,179	73,455,471	2,040,708
Employee Benefits	144,181,797	151,268,284	146,286,227	4,982,057
Books and Supplies	26,789,313	49,421,609	20,936,483	28,485,126
Services and Other Operating Expenditures	63,558,073	92,899,095	84,564,822	8,334,273
Transfers of Indirect Costs	(1,073,334)	(162,003)	(1,051,778)	889,775
Capital Outlay	1,216,809	2,357,506	2,515,489	(157,983)
Other Outgo	1,075,372	1,207,539	4,954,701	(3,747,162)
Total Expenditures	500,726,526	566,422,524	527,764,539	38,657,985
Excess (Deficiency) of Revenues Over (Under) Expenditures	(45,982,493)	(84,860,852)	(44,383,360)	40,477,492
Fund Balance, July 1, 2024	159,660,935	213,216,542	213,216,542	-
Fund Balance, June 30, 2025	$ 113,678,442	$ 128,355,690	168,833,182	$ 40,477,492

Other Fund Balances included in the Statement of Revenues, Expenditures and Changes in Fund Balances:	
Deferred Maintenance Fund	134,787
Total reported General Fund balance on the Statement of Revenues, Expenditures and Changes in Fund Balances:	$ 168,967,969

MT. DIABLO UNIFIED SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability-CalSTRS
For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

Employer's Fiscal Year **Measurement Period**	**2024-25** **2023-24**	**2023-24** **2022-23**	**2022-23** **2021-22**	**2021-22** **2020-21**	**2020-21** **2019-20**
District's proportion of the net pension liability	0.2470%	0.2650%	0.2543%	0.2250%	0.2640%
District's proportionate share of the net pension liability	$ 165,865,219	$ 201,794,104	$ 176,724,661	$ 102,193,000	$ 256,117,000
State's proportionate share of the net pension liability associated with the District	76,099,533	96,685,230	88,503,019	60,803,000	139,966,000
Totals	$ 241,964,752	$ 298,479,334	$ 265,227,680	$ 162,996,000	$ 396,083,000
District's covered payroll	$ 170,086,414	$ 156,963,206	$ 150,387,400	$ 144,109,529	$ 142,701,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	100.12%	128.56%	117.51%	70.91%	179.48%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%

Employer's Fiscal Year **Measurement Period**	**2019-20** **2018-19**	**2018-19** **2017-18**	**2017-18** **2016-17**	**2016-17** **2015-16**	**2015-16** **2014-15**
District's proportion of the net pension liability	0.2890%	0.3020%	0.2950%	0.2720%	0.2910%
District's proportionate share of the net pension liability	$ 261,393,000	$ 277,385,000	$ 272,885,000	$ 219,996,320	$ 195,912,840
State's proportionate share of the net pension liability associated with the District	142,608,000	158,817,000	161,437,000	125,258,419	103,616,018
Totals	$ 404,001,000	$ 436,202,000	$ 434,322,000	$ 345,254,739	$ 299,528,858
District's covered payroll	$ 155,566,000	$ 160,658,000	$ 156,387,000	$ 137,080,196	$ 131,676,520
District's proportionate share of the net pension liability as a percentage of its covered payroll	168.03%	172.66%	174.49%	160.49%	148.78%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%

See accompanying notes to required supplementary information.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Schedule of Proportionate Share of the Net Pension Liability-CalPERS
For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

Employer's Fiscal Year **Measurement Period**	**2024-25** **2023-24**	**2023-24** **2022-23**	**2022-23** **2021-22**	**2021-22** **2020-21**	**2020-21** **2019-20**
District's proportion of the net pension liability	0.3206%	0.3333%	0.3061%	0.3420%	0.3750%
District's proportionate share of the net pension liability	$ 114,584,389	$ 120,661,938	$ 105,338,867	$ 69,637,000	$ 114,917,000
District's covered payroll	$ 63,877,151	$ 58,027,134	$ 50,994,000	$ 48,771,000	$ 53,949,000
District's proportionate share of the net pension liability as a percentage of its covered payroll	179.38%	207.94%	206.57%	142.78%	213.01%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	70%	70%

Employer's Fiscal Year **Measurement Period**	**2019-20** **2018-19**	**2018-19** **2017-18**	**2017-18** **2016-17**	**2016-17** **2015-16**	**2015-16** **2014-15**
District's proportion of the net pension liability	0.4040%	0.4270%	0.4140%	0.3960%	0.4050%
District's proportionate share of the net pension liability	$ 117,786,000	$ 113,742,000	$ 98,730,000	$ 78,289,245	$ 59,623,699
District's covered payroll	$ 56,027,000	$ 56,267,000	$ 52,731,000	$ 47,558,749	$ 45,257,132
District's proportionate share of the net pension liability as a percentage of its covered payroll	210.23%	202.15%	187.23%	164.62%	131.74%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

MT. DIABLO UNIFIED SCHOOL DISTRICT

Schedule of Pension Contributions-CalSTRS

For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

Employer's Fiscal Year	2024-25	2023-24	2022-23	2021-22	2020-21
Contractually required contribution	$ 34,944,032	$ 32,486,505	$ 29,979,972	$ 25,445,548	$ 23,273,689
Contributions in relation to the contractually required contribution	34,944,032	32,486,505	29,979,972	25,445,548	23,273,689
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 182,953,045	$ 170,086,414	$ 156,963,206	$ 150,387,400	$ 144,109,529
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%

Employer's Fiscal Year	2019-20	2018-19	2017-18	2016-17	2015-16
Contractually required contribution	$ 25,262,435	$ 25,474,844	$ 23,182,949	$ 19,673,538	$ 14,708,705
Contributions in relation to the contractually required contribution	25,262,435	25,474,844	23,182,949	19,673,538	14,708,705
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 142,701,000	$ 155,566,000	$ 160,658,000	$ 156,387,000	$ 137,080,196
Contributions as a percentage of covered payroll	17.10%	16.38%	14.43%	12.58%	10.73%

MT. DIABLO UNIFIED SCHOOL DISTRICT

Schedule of Pension Contributions-CalPERS

For the Fiscal Year Ended June 30, 2025

Last Ten Fiscal Years

Employer's Fiscal Year	2024-25	2023-24	2022-23	2021-22	2020-21
Contractually required contribution	$ 20,049,658	$ 17,042,424	$ 14,721,484	$ 11,682,718	$ 10,095,538
Contributions in relation to the contractually required contribution	20,049,658	17,042,424	14,721,484	11,682,718	10,095,538
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered payroll	74,120,732	63,877,151	58,027,134	$ 50,994,000	$ 48,771,000
Contributions as a percentage of covered payroll	27.050%	26.680%	25.370%	22.910%	20.700%

Employer's Fiscal Year	2019-20	2018-19	2017-18	2016-17	2015-16
Contractually required contribution	$ 10,667,677	$ 10,119,534	$ 8,738,265	$ 7,324,363	$ 5,634,285
Contributions in relation to the contractually required contribution	10,667,677	10,119,534	8,738,265	7,324,363	5,634,285
Contribution deficiency (excess):	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 53,949,000	$ 56,027,000	$ 56,267,000	$ 52,731,000	$ 47,558,749
Contributions as a percentage of covered payroll	19.774%	18.062%	15.530%	13.890%	11.847%

See accompanying notes to required supplementary information.

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, 2025

*Last Ten Fiscal Years**

Employer's Fiscal Year	**2024-25**	**2023-24**	**2022-23**	**2021-22**	**2020-21**
Measurement Period	**2024-25**	**2023-24**	**2022-23**	**2021-22**	**2020-21**
Service cost	$ 10,993,510	$ 11,289,910	$ 11,941,438	$ 15,119,446	$ 13,151,256
Interest	8,108,225	7,334,026	7,119,817	4,867,822	5,748,803
Differences between expected and actual experience	17,190,732	-	(9,410,964)	-	(83,800)
Changes in assumptions	(28,866,008)	(6,747,884)	(3,270,172)	(36,320,661)	(3,670,217)
Benefit payments	(6,811,990)	(5,875,799)	(6,618,028)	(6,011,879)	(7,764,967)
Net change in total OPEB liability	614,469	6,000,253	(237,909)	(22,345,272)	7,381,075
Total OPEB liability - beginning	204,225,407	198,225,154	198,463,063	220,808,335	213,427,260
Total OPEB liability - ending	$ 204,839,876	$ 204,225,407	$ 198,225,154	$ 198,463,063	$ 220,808,335
Covered-employee payroll	$ 250,498,035	$ 243,793,708	$ 237,268,815	$ 230,918,555	$ 226,390,740
Total OPEB liability as a percentage of covered-employee payroll	81.8%	83.8%	83.5%	85.9%	97.5%

Employer's Fiscal Year	**2019-20**	**2018-19**	**2017-18**	**2016-17**
Measurement Period	**2019-20**	**2018-19**	**2017-18**	**2016-17**
Service cost	$ 12,768,210	$ 11,840,329	$ 11,716,332	$ 11,331,075
Interest	6,241,950	6,094,019	5,608,884	5,234,924
Differences between expected and actual experience	-	7,133,647	-	-
Changes in assumptions	12,470,261	4,779,925	(1,961,364)	-
Benefit payments	(6,884,164)	(6,582,820)	(6,097,600)	(5,807,238)
Net change in total OPEB liability	24,596,257	23,265,100	9,266,252	10,758,761
Total OPEB liability - beginning	188,831,003	165,565,903	156,299,651	145,540,890
Total OPEB liability - ending	$ 213,427,260	$ 188,831,003	$ 165,565,903	$ 156,299,651
Covered-employee payroll	$ 215,815,767	$ 209,529,871	$ 202,725,000	$ 202,725,000
Total OPEB liability as a percentage of covered-employee payroll	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, 2025

*Last Ten Fiscal Years**

Employer's Fiscal Year	**2024-25**	**2023-24**	**2022-23**	**2021-22**
Measurement Period	**2023-24**	**2022-23**	**2021-22**	**2020-21**
District's proportion of net OPEB liability	0.3603%	0.3919%	0.3817%	0.3992%
District's proportionate share of net OPEB liability	$ 960,279	$ 1,189,187	$ 1,257,360	$ 1,592,354
Covered payroll	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
Plan fiduciary net position as a percentage of the total OPEB liability	(1.02%)	(0.96%)	(0.94%)	(0.71%)

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

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

NOTE 1 – PURPOSE OF SCHEDULES

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

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

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

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

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

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

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

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

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

Change of assumptions – Liability changes resulting from changes in economic and demographic assumptions are deferred based on the average working life. The discount rate was changed from 3.93 percent to 5.20 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 3.65 percent to 3.93 percent since the previous valuation.

Supplementary Information

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MT. DIABLO UNIFIED SCHOOL DISTRICT

Schedule of Average Daily Attendance

For the Fiscal Year Ended June 30, 2025

	As Reported to CDE		As Audited*	
	Second Period Report	Annual Report	Second Period Report	Annual Report
Regular ADA & Extended Year:				
Grades TK-3	9,189.45	9,200.53	9,189.45	9,200.53
Grades 4-6	6,583.92	6,578.49	6,584.60	6,578.49
Grades 7-8	4,319.91	4,314.27	4,319.91	4,314.27
Grades 9-12	6,977.48	6,906.53	6,971.46	6,900.70
Total Regular ADA	27,070.76	26,999.82	27,065.42	26,993.99
Special Education, Nonpublic, Nonsectarian Schools:				
Grades TK-3	3.54	3.88	3.54	3.88
Grades 4-6	19.16	19.47	19.16	19.47
Grades 7-8	19.42	19.61	19.42	19.61
Grades 9-12	34.22	34.72	34.22	34.72
Total Special Education, Nonpublic, Nonsectarian Schools ADA	76.34	77.68	76.34	77.68
Total ADA	27,147.10	27,077.50	27,141.76	27,071.67

** Audit adjustments to ADA include 0.40 ADA on the P2 and 0.22 ADA on the Annual related to Finding 2025-005 and 5.74 ADA on the P2 and 5.61 ADA on the Annual related to Finding 2025-007.*

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Instructional Time
For the Fiscal Year Ended June 30, 2025

Grade Level	Instructional Minutes Requirement	Instructional Minutes Offered	Instructional Days Offered	Status
Kindergarten	36,000	36,008	180	Complied
Grade 1	50,400	51,855	180	Complied
Grade 2	50,400	51,937	180	Complied
Grade 3	50,400	51,937	180	Complied
Grade 4	54,000	55,824	180	Complied
Grade 5	54,000	55,824	180	Complied
Grade 6	54,000	56,920	180	Complied
Grade 7	54,000	56,920	180	Complied
Grade 8	54,000	56,920	180	Complied
Grade 9	64,800	64,855	180	Complied
Grade 10	64,800	64,855	180	Complied
Grade 11	64,800	64,855	180	Complied
Grade 12	64,800	64,855	180	Complied

MT. DIABLO UNIFIED SCHOOL DISTRICT

Schedule of Financial Trends and Analysis
For the Fiscal Year Ended June 30, 2025

General Fund	(Budget) 2026 [2]	2025 [3]	2024	2023
Revenues and other financing sources	$ 470,701,674	$ 483,381,179	$ 503,301,061	$ 491,030,162
Expenditures and other financing uses	515,024,157	527,764,539	486,325,583	438,275,675
Change in fund balance (deficit)	(44,322,483)	(44,383,360)	16,975,478	52,754,487
Adjustment for restatement	-	-	13,631,634	-
Ending fund balance	$ 124,510,699	$ 168,833,182	$ 213,216,542	$ 182,609,430
Available reserves [1]	$ 15,540,725	$ 15,798,266	$ 29,113,655	$ 28,733,951
Available reserves as a percentage of total outgo	3.0%	3.0%	6.0%	6.6%
Total long-term debt	$ 941,321,347	$ 978,780,870	$ 997,713,001	$ 983,336,619
Average daily attendance at P-2	27,431	27,142	27,108	26,512

The General Fund balance has decreased by $13.8 million over the past two years. The fiscal year 2025-26 revised budget projects a decrease of $44.3 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 one of the past three years, and anticipates incurring an operating deficit during the 2025-26 fiscal year. Long-term debt has decreased by $4.6 million over the past two years.

ADA increased by 630 compared to 2022-23. Budgeted ADA projects a further increase of 289 for 2025-26.

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

[2] Revised budget September, 2025.

[3] The actual amounts reported in this schedule are for the General Fund only, and do not agree with the amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances because the amounts on that schedule include the financial activity of the Deferred Maintenance Fund, in accordance with the fund type definitions promulgated by GASB Statement No. 54.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
For the Fiscal Year Ended June 30, 2025

	General Fund	Cafeteria Fund	Building Fund
June 30, 2025, annual financial and budget report (SACS) fund balance	$ 168,828,904	$ 19,896,331	$ 54,698,096
Adjustments and reclassifications:			
Revenue overreported	-	(2,470,728)	-
Lease receivables not reported	4,278	-	-
Accounts payable overreported	-	-	414,399
Accounts payable underreported	-	-	(1,004,986)
Net adjustments and reclassifications	4,278	(2,470,728)	(590,587)
June 30, 2025, audited financial statement fund balance	$ 168,833,182	$ 17,425,603	$ 54,107,509

See accompanying note to supplementary information.

MT. DIABLO UNIFIED SCHOOL DISTRICT
Schedule of Charter Schools
For the Fiscal Year Ended June 30, 2025

Charter School Name	Charter School 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, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Sub-total Expenditures	Federal Expenditures
Federal Programs:				
U.S. Department of Agriculture:				
Passed through California Dept. of Education (CDE):				
Child Nutrition Cluster:				
School Breakfast Program - Basic	10.553	13525	$ 1,361,124	
School Breakfast Program - Especially Needy	10.553	13526	1,068,261	
National School Lunch Program	10.555	13523	6,139,573	
USDA Donated Foods	10.555	N/A	972,815	
Supply Chain Assistance	10.555	15655	465,765	
Total Child Nutrition Cluster				$ 10,007,538
Passed through California Dept. of Social Services (CDSS):				
Child and Adult Care Food Program:				
Child and Adult Care Food Program	10.558	13393	1,798,870	
Cash in Lieu of Commodities	10.558	N/A	98,974	
Total Child and Adult Care Food Program				1,897,844
Total U.S. Department of Agriculture				11,905,382
U.S. Department of Defense:				
Junior Reserve Officers' Training Corps	12.000	N/A		314,601
Total U.S. Department of Defense				314,601
U.S. Department of Labor:				
Passed through California Dept. of Education (CDE):				
Workforce Innovation and Opportunity Act (WIOA) - Youth Program Cluster	17.259	10055		360,590
Total U.S. Department of Labor				360,590
U.S. Department of Education:				
Passed through California Dept. of Education (CDE):				
Adult Education - State Grants:				
Adult Basic Education and ESL	84.002A	14508	187,121	
Adult Secondary Education	84.002	13978	80,675	
English Literacy and Civics Education	84.002A	14109	87,681	
Total Adult Education - State Grants				355,477
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	5,890,222	
School Improvement Funding for LEAs	84.010	15438	877,129	
Total Title I Grants				6,767,351
Title II, Part A, Supporting Effective Instruction	84.367	14341		1,110,998
English Language Acquisition State Grants:				
Title III, Immigrant Student Program	84.365	15146	812,219	
Title III, English Learner Student Program	84.365	14346	79,843	
Subtotal English Language Acquisition State Grants				892,062
Title IV, Part A, Student Support and Academic Enrichment Grants	84.424	15396		996,293
Early Intervention Grants	84.181	23761		161,463
Career and Technical Education - Basic Grants to States:				
Strengthening Career and Technical Education for the 21st Century (Perkins V): Secondary, Section 131	84.048	14894	266,646	
Strengthening Career and Technical Education for the 21st Century (Perkins V): Adult, Section 132	84.048	14893	30,750	
Total Career and Technical Education - Basic Grants to States				297,396
Individuals with Disabilities Education Act (IDEA):				
Basic Local Assistance Entitlement	84.027	13379	7,641,288	
IDEA Local Assistance, Part B, Sec 611, Private School ISPs	84.027	10115	191,847	
IDEA Preschool Grants, Part B, Section 619 (Age 3-4-5)	84.173	13430	236,907	
IDEA Mental Health Allocation Plan, Part B, Sec 611	84.027A	15197	346,220	
IDEA Preschool Staff Development, Part B, Sec 619	84.173A	13431	1,710	
Alternate Dispute Resolution, Part B, Sec 611	84.173A	13007	15,157	
Total Special Education (IDEA) Cluster				8,433,129
Total U.S. Department of Education				19,014,169
U.S. Department of Health & Human Services:				
Passed through California Dept. of Education (CDE):				
Head Start Cluster:				
Early Head Start- Child Care Partnership Grant Program	93.600	01039		91,103
Temporary Assistance for Needy Families (TANF)	93.558	N/A		350,120
Total U.S. Department of Health & Human Services				441,223
Total Expenditures of Federal Awards				$ 32,035,965

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 Balance and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	Assistance Listing Number	Amount
Total Federal Revenues from the Statement of Revenues, Expenditures, and Changes in Fund Balances		$ 31,375,908
Differences between Federal Revenues and Expenditures:		
Supply Chain Assistance	10.555	465,765
Child and Adult Care Food Program	10.558	329,700
Federal interest subsidies	N/A	(135,408)
Total Schedule of Expenditures of Federal Awards		$ 32,035,965

Other Information

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MT. DIABLO UNIFIED SCHOOL DISTRICT

Local Educational Agency Organization Structure
For the Fiscal Year Ended June 30, 2025

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

BOARD OF EDUCATION

Member	Office	Term Expires
Linda Mayo	President	2026
Debra Mason	Vice President	2026
Brian Lawrence[1]	Trustee	2026
Tom McDougall	Trustee	2028
Keisha Nzewi	Trustee	2028

ADMINISTRATION

Adam Clark, Ed.D.,
Superintendent

Samantha Allen,
Chief, Educational Services

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

Adrian Vargas,
Chief Business Officer

Ryan Sheehy,
Chief, Human Resources

[1] Appointed on August 4, 2025, after Trustee Cherise Khaund resigned effective June 16, 2025.

Other Independent Auditors' Reports

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

Governing Board
Mt. Diablo Unified School District
Concord, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mt. Diablo Unified School District as of and for the year ended June 30, 2025, 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 15, 2025.

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2025-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2025-002 to be a significant deficiency.

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Report on Compliance and Other Matters

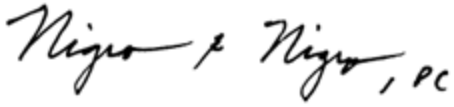
As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards,* and which is described in the accompanying schedule of findings and questioned costs as Finding 2025-004.

Mt. Diablo Unified School District's Response to Findings

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

Purpose of this Report

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



Murrieta, California
December 15, 2025

NIGRO & NIGRO PC

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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, 2025. The Mt. Diablo Unified School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Mt. Diablo Unified School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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.

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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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Mt. Diablo Unified School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Mt. Diablo Unified School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the Mt. Diablo Unified School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Mt. Diablo Unified School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance, and which is described in the accompanying schedule of findings and questioned costs as Finding 2025-003. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

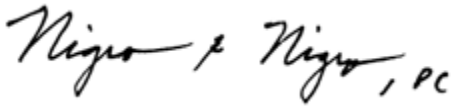
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-003 to be a significant deficiency.

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

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the internal control over compliance findings identified in our compliance audit 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 compliance. Accordingly, we express no opinion on the response.

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



Murrieta, California
December 15, 2025

NIGRO & NIGRO PC
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INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE

Governing Board
Mt. Diablo Unified School District
Concord, California

Report on Compliance

Opinion
We have audited the Mt. Diablo Unified School District's (District) compliance with the requirements specified in the *2024-25 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, 2025.

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, 2025.

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 *2024-25 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.

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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 2024-25 *Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the *2024-25 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 *2024-25 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
Independent Study	Yes
Continuation Education	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratio of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes

Description	Procedures Performed
School Districts, County Offices of Education, and Charter Schools:	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study – Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	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 2025-004 through 2025-008. Our opinion on each state program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2024-25 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 15, 2025

Schedule of Findings and Questioned Costs

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MT. DIABLO UNIFIED SCHOOL DISTRICT
Summary of Auditors' Results
For the Fiscal Year Ended June 30, 2025

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?	Yes
Noncompliance material to financial statements noted?	Yes

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(s) identified not considered to be material weaknesses?	Yes
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)?	Yes

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.010	Title I
84.027 & 84.173	Special Education(IDEA)
84.367	Title II, Part A
84.424	Title IV, Part A

Dollar threshold used to distinguish between Type A and Type B programs:	$ 961,079
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 2025-001: Capital Assets Reporting (20000, 30000)

Repeat Finding? Yes, repeat of Finding 2024-001

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

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

- The District does not maintain adequate inventory records to support the net balance of $630,660,912 reported for these assets in the audit. The amount of capital additions during the fiscal year reconciles to the amounts reported for capital outlay expenditures, but there is no detailed inventory to support the amounts reported as ending balances.

- Because there is no detailed asset inventory, the District is unable to calculate depreciation on individual assets. The District calculates depreciation expense by taking the entire ending balance by category and dividing by an average life of 20 years for improvements, 50 years for buildings, and 15 years for equipment.

- Furthermore, the District does not account for disposals of assets, so no disposals are reported.

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

Finding 2025-001: Capital Assets Reporting (20000, 30000) (continued)

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

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

Views of Responsible Officials: The District agrees with the auditor's recommendation as stated above. The District has been in communication with a few vendors in getting quotes to perform a full inventory and valuation of capital assets.

Finding 2025-002: Bank Accounts (30000)

Repeat Finding? Yes, repeat of Finding 2024-002

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

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

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

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

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

Views of Responsible Officials: The District agrees with the auditor's recommendation as stated above. The District is working with sites and reviewing all accounts to suggest better practices on what each account represents and provide periodic training for financial collection and review of bank reconciliations.

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

Finding 2025-003: Title I- Graduation Rates (50000)

Repeat Finding? No

Federal Program: Title I, Part A
Assistance Listing No. 84.010
U.S. Department of Education
Passed through California Department of Education

Criteria: 34 CFR, section 200.19(b) states, in part: High schools – (1) Graduation rate. Consistent with paragraphs (b)(4) and (b)(5) of this section regarding reporting and determining AYP, respectively, each State must calculate a graduation rate, defined as follows, for all public high schools in the State: (i) (A) A State must calculate a "four year adjusted cohort graduation rate," defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class. (B) For those high schools that start after grade nine, the cohort must be calculated based on the earliest high school grade. (ii) The term "adjusted cohort" means the students who enter grade 9 (or the earliest high school grade) and any students who transfer into the cohort in grades 9 through 12 minus any students removed from the cohort. (A) The term "students who transfer into the cohort" means the students who enroll after the beginning of the entering cohort's first year in high school, up to and including in grade 12. (B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, immigrated to another country, or is deceased.

(1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.

(2) A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort.

Condition: During our review of the District's Title I program, we noted that the District did not maintain written documentation supporting that a student had enrolled in another school or in an education program that culminates in the awarding of a regular high school diploma. The District is required to maintain official written documentation supporting that a student has enrolled in another school or in an educational program that culminates in the awarding of a regular high school diploma. A student who is retained in-grade or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rates and must remain in the adjusted cohort.

Cause: The District did not maintain adequate documentation to support the removal of a student from the regulatory adjusted cohort.

Effect: We were unable to determine whether the District implemented policies and procedures for documenting the removal of students from the regulatory adjusted cohort.

Questioned Costs: None

Finding 2025-003: Title I- Graduation Rates (50000) (continued)

Context: The CDE uses the student-level data maintained in CALPADS to calculate the four-year adjusted cohort graduation rate for all LEAs in the state. We selected nine students who were identified in CALPADS as transfer students who withdrew from the District. The District was unable to provide any written documentation to confirm that one of these students transferred out of the District and emigrated to another county or enrolled in another school or in an educational program that culminates in the award of a regular high school diploma.

Recommendation: We recommend that the District implement appropriate controls necessary for documenting the removal of students from the regulatory adjusted cohort, and ensure that the supporting documentation is maintained.

Views of Responsible Officials: The District agrees with the auditor's recommendation as stated above. The District acknowledges that it can be challenging to obtain documentation for students who leave the District without notification or formally withdrawing.

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

Finding 2025-004: Expanded Learning Opportunities Program (40000)

Repeat Finding? Yes, repeat of Finding 2024-007

Criteria: Education Code Section 46120(g)(6) states "Provide access," with respect to an "expanded learning opportunity program," means to enroll in the expanded learning opportunity program. If a parent or guardian has a signed expanded learning opportunity program registration form and that form is on file, the pupil shall be considered enrolled in the expanded learning opportunity program. For a local educational agency receiving an expanded learning opportunity program apportionment, transportation shall be provided for any pupil who attends a school that is not operating an expanded learning opportunity program to attend a location that is providing an expanded learning opportunity program and to return to their original location or another location that is established by the local educational agency.

Education Code Section 8483.4(b) states when a local educational agency contracts with a third party to operate a program pursuant to this article, the local educational agency shall require the third party to notify the local educational agency by the next working day following, and to submit a written report within seven days of, the occurrence of any health- or safety-related issues, including, but not limited to, issues involving criminal background clearances for employees, building safety, and any event specified in subdivision (c).

Education Code Section 8483.4(d) states when a local educational agency contracts with a third party, the local educational agency shall require the third party to request from parents or guardians pupil health information, such as whether a pupil has allergies or asthma, before pupil enrollment. Parents or guardians may provide this information at their discretion and are not required to provide pupil health information in order for the pupil to receive services pursuant to this article.

Condition: During our testing we noted the following exceptions:

- The District was unable to provide sufficient documentation to support that the students from three school sites, which did not operate the program at their own sites, were provided access to attend the program at another site except for the non-instructional days during June 2025. The District could not provide any documentation such as flyers, enrollment listing or attendance records for any students prior to the summer 2025 program.
- Three third-party vendors were identified that ran the District's ELOP program. The District was unable to verify wording within the contract or other forms of documentation that identified procedures in place to ensure that the third-party notifies the local educational agency by the next working day following, and to submit a written report within seven days of the occurrence of any health-or safety-related issues. The District was also unable to verify wording within the contract or other form of documentation that identified the third-party requests from parents or guardians pupil health information.

Cause: Inadequate record keeping.

Context: During the 2023-24 year, all sites tested operated at their own school site for regular instructional days and select sites for non-instructional days. This year the District only operated the program at select sites for both regular instructional days and non-instructional days.

The third-party contracts noncompliance was a new requirement this year.

Finding 2025-004: Expanded Learning Opportunities Program (40000) (continued)

Effect: Using the ELOP penalty calculator provided by the CDE, we have calculated a penalty of $719,441 as shown below.

ELO-P Entitlement Calculation based on Rate 1 or Rate 2	Enter entitlement amount from the LEA's ELO-P P-2 funding exhibit, Line C-8.	Rate 2
Section A-Offereing and Access Total Classroom-Based Enrollment, Grades TK/K-6	**Section A-Offereing and Access** Total Classroom-Based Enrollment, Grades TK/K-6	
Total Classroom-Based UPC, Grades TK/K-6	Enter Total Classroom-Based UPC, Grades TK/K-6	9,135
Students Eligible for ELO-P Offering and Access (Rate 1 = Item Number 3, Rate 2 = Item Number 4)	Calculated field	9,135
Number of Eligible Students Not Offered and Provided Access to ELO-P	Enter the number of students the LEA either failed to offer or provide access to ELO-P pursuant to EC 46120(b)(1) and (c)(2). If the LEA met the offering and access requirements, enter zero (0).	436
Proportional Penalty Factor	Calculated field	0.047729
ELO-P Offering and Access Penalty [EC 46120(c)(2)]	Calculated field	719,441.00
Total Penalty	Calculated field	**$ 719,441**

Recommendation: We recommend that the department tasked with operating the ELOP program develop oversight procedures and conduct self-audits to ensure that all requirements are being met and documented throughout the year.

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

Finding 2025-005: P2 and Annual Reporting (10000)

Repeat Finding? No

Criteria: California Education Code section 46000 states: Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter. Good internal controls require the District to review its pupil attendance reporting processes and ensure that attendance policies and procedures are maintained and followed at all school sites.

Condition: During our review of ADA totals reported by the District to CDE, we noted the following misstatements: Based on our recalculation, the District misreported ADA on the P2 Report of Attendance (Line A-1) by the following amounts:

- Understated by 0.68 ADA in grades 4-6
- Overstated by 0.28 ADA in grades 9-12

Based on our recalculation, the District misreported ADA on the Annual Report of Attendance (Line-A-1) by the following amount:

- Overstated by 0.22 ADA in grades 9-12

Cause: The District underreported 0.68 ADA in grades 4-6 on their P2 Report due to a lack of oversight before submitting. The District's summary report was correct, however, the ADA was reported incorrectly on the P2 Report. All other ADA was overreported due to the District not removing short-term independent study ADA exceptions that were noted during the auditors' site testing visit.

Context: Reporting errors were noted in both P2 and Annual reporting.

Finding 2025-005: P2 and Annual Reporting (10000) (continued)

Effect: The District's calculation based on the derived values of ADA totals a questioned cost of $3,771.28.

Recommendation: We recommend that the District develop policies and procedures and implement controls to ensure that pupil attendance is recorded and reported consistently and accurately.

Views of Responsible Officials: The District agrees with the auditor's recommendation as stated above. The District acknowledges the understated attendance reporting resulted in a favorable adjustment to the ADA reporting.

Finding 2025-006: Continuation Education Attendance (10000)

Repeat Finding? No

Criteria: California Education Code section 46000 states:
Attendance in all schools and classes shall be recorded and kept according to regulations prescribed by the State Board of Education, subject to the provisions of this chapter.

California Education Code section 46170 states:
In continuation high schools and continuation education classes, a day of attendance is 180 minutes of attendance, but no pupil shall be credited with more than 15 hours of attendance per school week, proportionately reduced for those school weeks having weekday holidays on which classes are not held.

Condition: During our review of the District's Continuation Education program, we noted that the attendance system (Aeries) was programmed incorrectly to count class time during the 2024-25 school year. The system calculated an additional 15 minutes of class time per week as compared to the bell schedule. As a result, students were credited with more attendance than the scheduled class time during the P-2 and Annual reporting periods.

Context: Error is systematic, affecting all continuation students.

Cause: The District set up the instructional time schedule in the Aeries system incorrectly.

Effect: By incorrectly recalculating class time for students, the District overstated ADA for the 2024-25 school year during the P-2 and Annual reporting periods for grade span 9-12. The amount of ADA overstated cannot be determined until the system is corrected and attendance reports are re-run.

Recommendation: We recommend that the District implement internal control procedures to ensure that instructional time and pupil attendance are properly calculated and entered into the attendance accounting system for continuation education.

Views of Responsible Officials: The District agrees with the auditor's recommendation as stated above. The District is working with Pupil Services and Technology in making the adjustments in the Aeries system.

Finding 2025-007: Early Middle College (40000)

Repeat Finding? No

Criteria: Pursuant to Education Code Section 46146.5(b), a day of attendance for a pupil enrolled in an early college high school or middle college high school, who is also a special part-time student enrolled in a community college under Article 1 (commencing with Section 48800) of Chapter 5 of Part 27, and who will receive academic credit upon satisfactory completion of enrolled courses, is 180 minutes of attendance.

Condition: 6 out of the 10 students tested did not meet the required 180 minutes of attendance per school day.

Context: We noted 6 errors out of the sample size of 10 tested.

Cause: The District set up the instructional time schedule in the Aeries system incorrectly.

Effect: The exception results in a financial penalty of $78,600.92 that was determined using the derived value of ADA (5.74 ADA x $13,693.54).

Recommendation: We recommend the District review the bell schedules of students in the Early Middle College program to ensure they reach 180 minutes of regular instruction.

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

Finding 2025-008: After School Education and Safety Program (40000)

Repeat Finding? No

Criteria: The After School Education and Safety Program (ASES) was established to serve pupils in kindergarten through grade nine. In accordance with Education Code Section 8483 (a)(1), there are stringent regulations in operating and reporting attendance for the program.

Condition: The District provided the auditors with supporting documentation for the data reported in the semi-annual report to the State. The auditor noted that the supporting documentation for one of the two sites tested was insufficient to trace to the amount reported to the State on the semi-annual. The District was unable to provide information or other supporting documentation for the data for that one site. Also, the auditor selected a sample of students for a period of two weeks to verify they were signed out according to the early release policy. The District utilizes an electronic sign-in/out program and provided the sign-in/out sheets and early release forms for all students at the sites sampled. We noted 5 days that two students were signed out early with no early release code/form.

Context: We noted 5 days that two different students were signed out of the program early, but no early release code/form was filled out for those days.

Cause: Due to a switch in provider, the District has changed systems, which caused unclear tracking leading to the reported discrepancies.

Effect: The District's semi-annual is incorrectly stated.

Finding 2025-008: After School Education and Safety Program (40000) (continued)

Recommendation: We recommend that the department tasked with operating the ASES program develop oversight procedures and conduct self-audits to ensure that all requirements are being met and documented throughout the year.

Views of Responsible Officials: The District agrees with the auditor's recommendation as stated above. The District has updated the requirements with the vendor and should now show proper tracking.

Original Finding No.	Finding	Code	Recommendation	Current Status
2024-001: Capital Assets Reporting (This is a repeat of Finding 2023-001)	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. During our review of the District's capital assets, we noted the following deficiencies: • The District does not maintain adequate inventory records to support the net balance of $598,706,655 reported for these assets in the audit. The amount of capital additions during the fiscal year reconciles to the amounts reported for capital outlay expenditures, but there is no detailed inventory to support the amounts reported as ending balances. This is especially critical for Construction In Progress (CIP), which is a substantial component of capital assets since the District is investing significant costs into modernization and construction through the issuance of general obligation bonds. • Because there is no detailed asset inventory, the District is unable to calculate depreciation on individual assets. The District calculates depreciation expense by taking the entire ending balance by category and dividing by an average life of 20 years for improvements, 50 years for buildings, and 15 years for equipment.	20000, 30000	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.	Not Implemented; See Finding 2025-001.

Original Finding No.	Finding	Code	Recommendation	Current Status
	• Furthermore, the District does not account for disposals of assets, so no disposals are reported.			
2024-002: Bank Accounts	Sound business practices over cash maintained in banks including maintaining electronic and physical access to all bank accounts, receiving and reconciling monthly bank statements on a timely basis, and maintaining adequate separation of duties. The District maintains approximately 250 bank accounts, most of which are at school sites. Most of the schools have at least three accounts for ASB, clearing, and revolving. While the District was able to provide copies of the bank statements and reconciliations for most of these accounts, it could not provide us with all of them. Five bank accounts were missing the June 30 bank statements, and thirteen accounts did not have a completed bank reconciliation.	30000	We recommend that the District consider reducing the number of bank accounts that it maintains. Aside from that, the responsibility for maintaining and reviewing 250 separate bank accounts is a massive monthly undertaking that should be spread out among different employees in the accounting department.	Not Implemented; See Finding 2025-002
2024-003: Time and Effort Requirements	To support salaries and wages for employees that work on federal programs, local educational agencies (LEAs) are required to maintain time and effort records that accurately reflect the work performed. These time and effort records must: (1) be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (2) be incorporated into the official records of the LEA; (3) reasonably reflect the total activity for which the employee is compensated by the LEA, not exceeding 100% of compensated activities; (4) encompass both federally assisted and all other activities compensated by the LEA on an integrated basis, but may include the use of subsidiary records as defined in the LEA's written policy; (5) comply with the established accounting policies and practices of the LEA; and (6) support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.	50000	The District must update its time and effort records and policies and procedures to ensure that all salaries and wages charged to federal programs are properly supported by a system on internal controls. Specifically, the time and effort records must accurately reflect the work performed and encompass all activities of the employee, both federal and non-federal, and be signed in a timely manner.	Implemented.

Original Finding No.	Finding	Code	Recommendation	Current Status
	Budget estimates or percentages determined before the services are performed alone do not qualify as support for charges to Federal awards. Three employees out of a sample of 25 total had exceptions related to proper time accounting documentation. One employee was missing time accounting documentation for the months of August and September 2023. The employee was terminated during the year; however, there was no time accounting done for August or September while the employee was active. Two other employees' time accounting documentation was not signed until after the close of the fiscal year in which they were accounted for.			
2024-004: Instructional Materials (This is a repeat of Finding 2023-003)	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. The District passed a resolution stating that there were insufficient textbooks and instructional materials but did not provide additional information as required.	70000	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.	Implemented.

MT. DIABLO UNIFIED SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2025

Original Finding No.	Finding	Code	Recommendation	Current Status
2024-005: Home to School Transportation Reimbursement	Expenditures coded to function 3600 must be consistent with the definition in Procedure 325 in the California School Accounting Manual (CSAM). During our testing of expenditures, we noted an expenditure coded to function 3600 that was unallowable. The expenditure was $400 for repairs on a District vehicle that is not used for home to school transportation.	40000	We recommend that the District review its coding of expenditures to function 3600 and ensure that only those expenditures that align with the CSAM definition are charged to this function.	Implemented.
2024-006: Immunizations	Title 17, California Code of Regulations section 6025 requires that that each kindergarten pupil have two doses of a varicella vaccine and two doses of a measles vaccine prior to admission or have a current medical exemption from varicella and measles immunization on file. One kindergarten student was found that did not have the required two doses of varicella vaccine and two doses of measles vaccine prior to admission. The student was admitted to El Monte Elementary School and the District started claiming ADA on 8/10/2023. We verified with the student's immunization record that student did not receive their first dose of both varicella and measles vaccine until 2/4/2020. We then verified that the second dose was not received until 10/6/2023, which is more than four months after the first dose was given. Therefore, no ADA is allowed to be claimed before 10/6/2023 and 35 days will have to be removed from the student's ADA.	40000	The District needs to assign appropriate staff familiar with the immunization requirements to ensure that every student in kindergarten meets all of the requirements prior to enrolling.	Implemented.
2024-007: Expanded Learning Opportunities Program	According to Education Code 46120(b)(1)(B)(i), for at least 30 nonschool days, inclusive of extended school year days provided pursuant to paragraph (3) of subdivision (b) of Section 56345, no fewer than nine hours of in-person expanded learning opportunities per day must be provided. (ii) Extended year days may include in-person before or after school expanded learning opportunities that, when added to daily instructional minutes, recess, and meals, are not fewer than nine hours combined instructional time, recess, meals, and expanded learning opportunities per instructional day.	40000	The District should ensure all sites that are operating the ELOP program at another site are being offered transportation, and that transportation is provided in a way that allows all eligible students to attend without causing a barrier to attendance.	Partially implemented; See Finding 2025-004.

Original Finding No.	Finding	Code	Recommendation	Current Status
	In addition, the Education Code 46120(g)(6) states "For a local education agency receiving an expanded learning opportunity program apportionment, transportation shall be provided for any pupil who attends a school that is not operating an expanded learning opportunity program to attend a location that is providing an expanded learning opportunity program and to return to their original location or another location that is established by the local education agency." The District only offered 13 out of the required 30 non-instructional days. Not all sites operated the ELOP program at their own location for the Summer 2024 intersession, which consisted of 17 non-instructional days. The District was required to provide transportation to any pupil who is attending from another location, however, the District was unable to provide documentation to prove that transportation was offered for any of those 17 non-instructional days.			