Financial Statements
June 30, 2022

Redwood City School District

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Redwood City School District
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Independent Auditor's Report

To the Governing Board
Redwood City School District
Redwood City, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redwood City School District (District) as of and for the year ended June 30, 2022, 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 the Redwood City School District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*. Our responsibilities under those standards are further described in the Auditor's 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.

Adoption of New Accounting Standard

As discussed in Note 1 and Note 16 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities and general fund as of July 1, 2021, to restate beginning net position. Our opinions are not modified with respect to this matter.

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.

Auditor's 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 Redwood City School 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 Redwood City School 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 changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net pension liability, and the schedule of the District's pension contributions, 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 Redwood City School District's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, combining non-major governmental fund financial statements, 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 basic 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 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, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 24, 2023 on our consideration of 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 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 District's internal control over financial reporting and compliance.



Menlo Park, California
March 24, 2023

This section of Redwood City School District's (District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2022, with comparative information for the year ended June 30, 2021. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

The Financial Statements

The financial statements presented herein include all of the activities of the District using the integrated approach as prescribed by generally accepted accounting principles.

The *Government-Wide Financial Statements* present the financial picture of the District from the economic resources measurement focus using the accrual basis of accounting. They present governmental activities. These statements include all assets of the District (including capital assets), deferred outflows of resources, deferred inflows of resources as well as all liabilities (including long-term liabilities). Additionally, certain eliminations have occurred in regards to interfund activity, payables, and receivables.

The *Fund Financial Statements* include statements for each of the two categories of activities: governmental and fiduciary.

The *Governmental Activities* are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

Reconciliation of the Fund Financial Statements to the Government-Wide Financial Statements is provided to explain the differences created by the integrated approach.

The financial statements also include notes that explain some of the information in the statements and provide detailed data. The statements are followed by supplementary information that further explains and supports the financial statements.

Reporting the District as A Whole

The Statement of Net Position and the Statement of Activities

The *Statement of Net Position* and the *Statement of Activities* report information about the District as a whole and about its activities. These statements include all assets, deferred outflows of resources, deferred inflows of resources and liabilities of the District using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and changes in them. Net position is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the governing board's responsibility is to provide services to our students and not to generate profit as commercial entities do, one must consider other factors when evaluating the *overall health* of the District. The quality of the education and the safety of our schools are also an important component in this evaluation.

In the *Statement of Net Position* and the *Statement of Activities*, the District activities are presented as follows:

Governmental Activities - Most of the District's services are reported in this category. This includes the education of preschool through grade eight students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money that it receives from the U.S. Department of Education.

Governmental Funds - All of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The differences of results in the governmental fund financial statements to those in the government-wide financial statements are explained in a reconciliation following each governmental fund financial statement.

The District as A Whole

Net Position

The District's net position was a surplus of $21 million for the fiscal year ended June 30, 2022. Of this amount, ($104.2) million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use the net position for day-to-day operations. The District's analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities (in thousands of dollars)	
	2022	2021 Restated
Assets		
Current and other assets	$ 120,002	$155,889
Capital assets	254,741	206,315
Total assets	374,743	362,204
Deferred outflows of resources	27,577	27,610
Liabilities		
Current liabilities	20,263	24,179
Long-term liabilities	299,092	354,643
Total liabilities	319,355	378,822
Deferred inflows of resources	62,039	11,002
Net Position		
Net investment in capital assets	88,355	68,153
Restricted	36,784	39,726
Unrestricted	(104,212)	(107,889)
Total net position, as restated	$ 20,927	$ (10)

The ($104.2) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and includes $84 million of net pension liabilities and pension deferrals and $35 million of other post-employment benefits liabilities and related deferrals.

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the *Statement of Activities*. Table 2 takes the information from the Statement, rounds off the numbers, and rearranges them slightly so that it would reflect the District's total revenues for the year.

Table 2

	Governmental Activities (in thousands of dollars)	
	2022	2021
Revenues		
Program revenues		
Charges for services	$ 1,731	$ 542
Operating grants and contributions	40,784	34,261
General revenues		
Federal and State aid not restricted	9,408	6,806
Property and other taxes	107,240	96,801
Other general revenues	(2,149)	3,545
Total revenues	157,014	141,955
Expenses		
Instruction-related	86,153	92,665
Pupil services	17,019	13,174
Administration	7,873	7,376
Plant services	15,962	11,269
All other services	9,071	8,964
Total expenses	136,078	133,448
Change in net position	$ 20,936	$ 8,507

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of District's governmental activities this year was $136.1 million. However, the amount that taxpayers ultimately financed for these activities through local taxes was $104.2 million because the cost was paid by those who benefited from the programs ($1.7 million) or by other governments and organizations who subsidized certain programs with grants and contributions ($40.8 million). The District paid for the remaining "public benefit" portion of its governmental activities with a combination of Federal, State, and local other revenues, such as property taxes, and general entitlements. The District received $107.2 million in property and other taxes for the year, as compared to $96.8 million the prior year.

In Table 3, the District has presented the cost and net cost of each of the District's largest functions: regular program instruction, school administration, pupil services, administration, plant services and other. As discussed above, net cost shows the financial burden that was placed on the District's taxpayers by each of these functions. Providing this information allows its citizens to consider the cost of each function in comparison to the benefits they believe are provided by that function.

Table 3 (In thousands of dollars)

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction-related	$ 86,153	$ 92,665	$ (63,586)	$ (68,750)
Pupil services	17,019	13,174	(6,969)	(7,853)
Administration	7,873	7,376	(6,777)	(6,451)
Plant services	15,962	11,269	(15,198)	(10,045)
All other services	9,071	8,963	(1,032)	(5,547)
Total	$ 136,078	$ 133,447	$ (93,562)	$ (98,646)

The District's Funds

As the District completed this year, its governmental funds reported a combined fund balance of $87.3 million, which is a decrease of $47.2 million from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2021 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2022
General fund	$ 24,359,701	$ 123,029,146	$ 122,097,520	$ 25,291,327
Building fund	71,720,100	113,028	53,232,897	18,600,231
Capital facilities fund	19,262,327	4,413,828	293,748	23,382,407
Bond interest and redemption fund	15,408,968	17,659,482	17,755,411	15,313,039
Nonmajor governmental funds	3,764,750	11,923,023	10,945,452	4,742,321
Total	$ 134,515,846	$ 157,138,507	$ 204,325,028	$ 87,329,325

Below are the primary reasons for the $21 million increase in the District's combined governmental fund balance compared to the prior year:

1. The Building Fund decreased by $53 million as bond projects funded from proceeds of general obligation bonds are being completed.
2. As shown in table 6, entity-wide liabilities decreased $55.5 million due primarily to investment gains of the aggregate net pension liability with CalSTRS and CalPERS. See Note 17 about events subsequent to June 30, 2022 affecting the aggregate net pension liability.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget to comply with Education Code requirements for interim reporting and to make adjustments for unexpected changes in revenues and expenditures. The final amendment to the budget was adopted in June 2021. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 58). Changes between the 2021-22 original budget adoption and the final budgets are primarily due to budget revisions as new information becomes available during the fiscal year.

a) Budgeted revenues increased by $8.8 million due to the following:

   The significant increase in the General Fund budgeted revenues is primarily due to the recognition of one-time COVID-19 Relief Funding of approximately $6.8 million for the 2021-22 year. These additional federal and state resources were carryover funds from previous year. These include Learning Loss Mitigation Funds (Elementary & Secondary School Emergency Relief (ESSER), and Expanded Learning Opportunities Grant. In addition, new grants unknown during Budget Adoption were included: Expanded Learning Opportunities Program and Education Effectiveness Block Grant.

   Revenues from local sources have also changed during the year based on new commitments from donors. Due to the increase in overall General Fund revenues, the projected interfund transfer of $2.4 million was removed from the budget as it is no longer necessary.

b) Budgeted expenditures increased by $10.6 million due to the following:

   The increase in the General Fund budgeted expenditures is mainly due to the planned utilization of State and Federal COVID-19 Relief funds. The funds were primarily intended to address the educational needs of the students, purchases of materials and supplies and costs of contracted services to prevent.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2022, the District had $48.4 million increase in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount is consistent to the amount last year (Table 5).

Table 5

	Governmental Activities	
	2022	2021
Land and construction in progress	$ 137,150,367	$ 125,238,030
Buildings and improvements	114,735,635	78,030,715
Equipment	2,855,313	3,046,118
Total	$ 254,741,315	$ 206,314,863

We present more detailed information about our capital assets in Note 4 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had $299 million in long-term liabilities versus $355 million last year, a decrease of $56 million or 15.7%. Long-term liabilities are illustrated in the following table:

Table 6

	Governmental Activities	
	2022	2021
Long-Term Liabilities		
General obligation bonds	$ 182,515,000	$ 193,328,493
Qualified Zone Academy Bonds	643,025	746,506
Unamortized premium	13,101,988	13,767,467
Financed purchase	1,648,372	1,832,101
Compensated absences	890,437	846,044
Total OPEB liability	40,111,774	36,729,717
Aggregate net pension liability	60,181,616	107,393,163
Total	$ 299,092,212	$ 354,643,491

The District's general obligation bond rating is "A+". The State limits the amount of general obligation debt that districts can issue to 2.5% of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of $196 million is below the statutorily imposed limit.

Other obligations include compensated absences payable, postemployment benefits, net pension obligations, and other long-term liabilities. We present more detailed information regarding our long-term liabilities in Note 10 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

Redwood City School District is primarily funded through local property taxes rather than state funding. As such, economic factors that can impact RCSD, a Basic Aid school district, include:

1. Real Estate Market: The value of properties within the district can significantly impact the amount of funding we receive. A decline in property values can lead to decreased property tax revenues, which can reduce our funding.

2. State Funding Cuts: Although RCSD, as a Basic Aid district, receives most of our funding from local property taxes, we still receive some funding from the state. If California faces budget issues, it may reduce the amount of funding allocated to Basic Aid school districts which would impact our budget.

3. Inflation: Inflation can lead to increases in the costs of obtaining goods and services.

Fortunately, beginning in 2019-20, the Redwood City School District funding status changed to Basic Aid. As a Basic Aid district, the main source of funding switched from Local Control Funding Formula (LCFF) State Aid to local property taxes. The district will continue to receive State apportionment for the constitutionally guaranteed state basic aid.

The District is projected to maintain its Basic Aid funding status through the future years. Taking into account the factors above and overall district fiscal resources, the district took a conservative approach in its Basic Aid funding projections.

The District received a significant amount of State and Federal COVID-19 Relief Funding from the American Rescue Plan Act (ARP Act), Coronavirus Aid, Relief, and Economic Security Act (CARES Act, and the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) due to its high population of low income, English language learners and foster youth. With the majority of these funds spent, RCSD still has a need to provide the services, e.g., mental health support, and increased learning opportunities, that these funds allowed us to implement. This will require close inspection of all programs and services to ensure we are able to provide the necessary resources to meet the students' needs while maintain budget stability.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, please contact Rick Edson, Chief Business Official, at Redwood City School District, 750 Bradford Street, California, 94063, or e-mail at redson@rcsdk8.net.

	Governmental Activities
Assets	
Deposits and investments	$ 91,993,491
Receivables	12,136,353
Prepaid expense	246,375
Stores inventories	49,793
Lease receivables	15,576,061
Capital assets not depreciated	137,150,367
Capital assets, net of accumulated depreciation	117,590,948
Total assets	374,743,388
Deferred Outflows of Resources	
OPEB related	6,668,883
Pension related	20,908,151
Total deferred outflows of resources	27,577,034
Liabilities	
Accounts payable	14,774,751
Interest payable	2,708,265
Unearned revenue	2,779,687
Total other postemployment benefits liabilities	40,111,774
Aggregate net pension liabilities	60,181,616
Compensated absences	890,437
Long-term debt	
Due within one year	12,679,022
Due in more than one year	185,229,363
Total liabilities	319,354,915
Deferred Inflows of Resources	
Lease related	15,118,310
OPEB related	2,019,027
Pension related	44,901,560
Total deferred inflows of resources	62,038,897
Net Position	
Net investment in capital assets	$88,354,696
Restricted for	
Capital projects	24,182,031
Educational programs	10,009,140
Child nutrition programs	2,592,723
Unrestricted deficit	(104,211,980)
Total net position	$ 20,926,610

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities Total
Governmental Activities				
Instruction	$ 70,379,250	$ 212,466	$ 17,571,763	$ (52,595,021)
Instruction-related activities				
Supervision of instruction	5,259,047	66,468	2,897,067	(2,295,512)
Instructional library, media, and technology	3,097,091	-	928,683	(2,168,408)
School site administration	7,417,945	5,651	885,151	(6,527,143)
Pupil services				
Home-to-school transportation	2,694,674	136,354	435,371	(2,122,949)
Food services	5,100,194	3,714	6,136,891	1,040,411
All other pupil services	9,224,344	52,948	3,284,609	(5,886,787)
Administration				
Data processing	670,089	-	47,752	(622,337)
All other administration	7,202,782	10,159	1,037,799	(6,154,824)
Plant services	15,962,176	1,995	761,883	(15,198,298)
Ancillary services	328,781	-	336,689	7,908
Community services	2,337,079	35,775	2,664,982	363,678
Interest on long-term liabilities	6,235,431	-	-	(6,235,431)
Other outgo	169,777	1,206,197	3,795,822	4,832,242
Total governmental activities	$ 136,078,660	$ 1,731,727	$ 40,784,462	(93,562,471)
General revenues				
Property taxes, levied for general purposes				81,032,877
Property taxes, levied for debt service				18,133,710
Taxes levied for other specific purposes				8,072,959
Federal and State aid not restricted to specific purposes				9,407,731
Interest and investment earnings				(2,148,634)
Total general revenues				114,498,643
Change in Net Position				20,936,172
Net Position - Beginning, as restated				(9,562)
Net Position - Ending				$ 20,926,610

Redwood City School District
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	$ 24,144,770	$ 24,315,472	$ 24,827,564	$ 15,276,976	$ 3,428,709	$ 91,993,491
Accounts receivable	9,179,348	318,473	127,169	36,063	2,475,300	12,136,353
Due from other funds	2,350,851	-	19,078	-	5,000	2,374,929
Prepaid expenditures	65,922	180,453	-	-	-	246,375
Stores inventories	49,793	-	-	-	-	49,793
Leases receivable	15,576,061	-	-	-	-	15,576,061
Total assets	$ 51,366,745	$ 24,814,398	$ 24,973,811	$ 15,313,039	$ 5,909,009	$ 122,377,002
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 7,846,364	$ 6,205,999	$ 9,788	$ -	$ 231,862	$ 14,294,013
Due to other funds	5,000	8,168	1,581,616	-	780,145	2,374,929
Due to other governments	480,689	-	-	-	49	480,738
Unearned revenue	2,625,055	-	-	-	154,632	2,779,687
Total liabilities	10,957,108	6,214,167	1,591,404	-	1,166,688	19,929,367
Deferred Inflows of Resources						
Leases related	$ 15,118,310	-	-	-	-	15,118,310
Total deferred inflows of resources	15,118,310	-	-	-	-	15,118,310
Fund Balances						
Nonspendable	646,527	180,453	-	-	-	826,980
Restricted	9,672,015	18,419,778	24,181,975	15,313,039	2,929,904	70,516,711
Assigned	4,603,738	-	-	-	1,856,808	6,460,546
Unassigned	10,369,047	-	(799,568)	-	(44,391)	9,525,088
Total fund balances	25,291,327	18,600,231	23,382,407	15,313,039	4,742,321	87,329,325
Total liabilities and fund balances	$ 36,248,435	$ 24,814,398	$ 24,973,811	$ 15,313,039	$ 5,909,009	$ 122,377,002

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

Total fund balance - governmental funds		$ 87,329,325
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 347,862,228	
Accumulated depreciation is	(93,120,913)	
Net capital assets		254,741,315
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(2,708,265)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Other postemployment benefits (OPEB)	6,668,883	
Net pension liability	20,908,151	
Total deferred outflows of resources		27,577,034
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(2,019,027)	
Net pension liability	(44,901,560)	
Total deferred inflows of resources		(46,920,587)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(60,181,616)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(40,111,774)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
Outstanding bonds and loans	(197,908,385)	
Compensated absences (vacations)	(890,437)	
Total long-term liabilities		(198,798,822)
Total net position - governmental activities		$ 20,926,610

Redwood City School District

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds

Year Ended June 30, 2022

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local Control Funding Formula	$ 86,392,045	$ -	$ -	$ -	$ -	$ 86,392,045
Federal sources	12,764,023	-	-	-	6,097,807	18,861,830
Other State sources	15,186,577	366,821	-	32,212	5,206,903	20,792,513
Other local sources	8,686,501	(253,793)	4,413,828	17,627,270	494,638	30,968,444
Total revenues	123,029,146	113,028	4,413,828	17,659,482	11,799,348	157,014,832
Expenditures						
Current						
Instruction	71,052,374	-	-	-	4,520,927	75,573,301
Instruction-related activities						
Supervision of instruction	5,375,046	-	-	-	28,634	5,403,680
Instructional library, media and technology	3,415,732	-	-	-	-	3,415,732
School site administration	7,655,002	-	-	-	503,229	8,158,231
Pupil services						
Home-to-school transportation	3,266,645	-	-	-	-	3,266,645
Food services	347	-	-	-	5,030,691	5,031,038
All other pupil services	9,247,954	-	-	-	14,425	9,262,379
Administration						
Data processing	695,660	-	-	-	-	695,660
All other administration	6,779,492	-	9	-	470,819	7,250,320
Plant services	11,382,506	-	33,819	-	167,851	11,584,176
Ancillary services	328,781	-	-	-	-	328,781
Community services	2,378,810	-	-	-	-	2,378,810
Other outgo	169,777	-	-	-	-	169,777
Capital outlay	6,880	53,232,897	136,245	-	208,876	53,584,898
Debt service						
Principal	287,211	-	-	11,140,000	-	11,427,211
Interest and other	55,303	-	-	6,615,411	-	6,670,714
Total expenditures	122,097,520	53,232,897	170,073	17,755,411	10,945,452	204,201,353
Excess (Deficiency) of Revenues Over Expenditures	931,626	(53,119,869)	4,243,755	(95,929)	853,896	(47,186,521)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	123,675	123,675
Transfers out	-	-	(123,675)	-	-	(123,675)
Total Other Financing Sources (Uses)	-	-	(123,675)	-	123,675	-
Net Change in Fund Balances	931,626	(53,119,869)	4,120,080	(95,929)	977,571	(47,186,521)
Fund Balance - Beginning, as restated	24,359,701	71,720,100	19,262,327	15,408,968	3,764,750	134,515,846
Fund Balance - Ending	$ 25,291,327	$ 18,600,231	$ 23,382,407	$ 15,313,039	$ 4,742,321	$ 87,329,325

Total Net Change in Fund Balances - Governmental Funds		$(47,186,521)
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.		
This is the amount by which capital outlays exceeds depreciation in the period.		
Depreciation expense	$ (4,977,275)	
Capital outlays	53,403,727	
Net expense adjustment		48,426,452
In the Statement of Activities, certain operating expenses, such as compensated absences (vacations) 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). This amount is the difference between vacation earned and used.		(44,393)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the Statement of Activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		10,173,118
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(2,294,978)
Proceeds received from General obligation bonds or certificates of participation is a revenue in the governmental funds, but it increases long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.		(326,507)

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.	
Premium amortization	665,479
Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	
General obligation bonds	11,140,000
State School Building Loan	103,481
Capital leases	183,729
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	96,312
Change in net position of governmental activities	$ 20,936,172

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Redwood City School District (District) was established in 1895 under the laws of the State of California. The District operates under a locally elected five-member Board form of government and provides educational services to grades Preschool through eight, as mandated by state and/or federal agencies. The District operates 10 elementary and 2 middle schools.

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, boards, and agencies that are not legally separate from the District.

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are categorized as governmental funds.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's governmental funds:

Major Governmental Funds

General Fund The General Fund 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.

Building Fund The Building 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.

Capital Facilities Fund The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approving a development (*Education Code* Sections 17620-17626). Expenditures are restricted to the purposes specified in *Government Code* sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

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

Nonmajor Governmental Funds

Special Revenue Funds The Special Revenue Funds are used to account for the proceeds from specific revenue sources (other than trusts, major capital projects, or debt service) that are restricted or committed to expenditures for specified purposes and that compose a substantial portion of the inflows of the fund. Additional resources that are restricted, committed, or assigned to the purpose of the fund may also be reported in the fund.

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.

- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).

- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

Capital Project Funds The Capital Project Funds are used to account for financial resources that are restricted, committed, or assigned to the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds).

- **Special Reserve Fund for Capital Outlay Projects** The Special Reserve Fund for Capital Outlay Projects exists primarily to provide for the accumulation of General Fund monies for capital outlay purposes (Education Code Section 42840).

Basis of Accounting - Measurement Focus

Government-Wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment for each governmental function. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. The District does not allocate indirect expenses to functions in the statement of activities. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net position restricted for other activities result from special revenue funds and the restrictions on their use.

Fund Financial Statements Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting, and the governmental fund financial statements, prepared using the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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 or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. 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 restrictions. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Unearned Revenue Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the balance sheet and the revenue is recognized.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred. Principal and interest on long-term liabilities, which has not matured, are recognized when paid in the governmental funds as expenditures. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds but are recognized in the entity-wide statements.

Investments

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

Prepaid Expenditures (Expenses)

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

Stores Inventories

Stores inventories consist of expendable food and supplies held for consumption. Inventories are stated at cost, on the first-in, first-out basis. The costs of inventory items are recorded as expenditures in the governmental funds when consumed rather than when purchased.

Capital Assets and Depreciation

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District. The District maintains a capitalization threshold of $5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, but are expensed as incurred.

When purchased, such assets are recorded as expenditures in the governmental funds and capitalized in the government-wide statement of net position. The valuation basis for capital assets is historical cost, or where historical cost is not available, estimated historical cost based on replacement cost. Donated capital assets are capitalized at acquisition value on the date donated.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets is the same as those used for the capital assets of governmental funds.

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; land improvements, 20 years; equipment, 5 to 15 years; vehicles, 8 years.

Interfund Balances

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

Compensated Absences

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

Sick leave is accumulated without limit for each employee at the rate of one day for each month worked. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive .004 year of service credit for each day of unused sick leave. Credit for unused sick leave is applicable to all certificated employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full-time.

The following table shows the changes in compensated absences during the year:

Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in One Year
$ 846,044	$ 899,256	$ (854,863)	$ 890,437	$ 890,437

Accrued Liabilities and Long-Term Liabilities

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 have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes 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. The total OPEB liability attributable to the governmental activities will be paid primarily by the general fund.

Debt Issuance Costs, Premiums and Discounts

In the government-wide financial statements and in the proprietary fund type financial statements, long-term liabilities are reported as liabilities in the applicable governmental activities, or proprietary fund statement of net position. Debt premiums and discounts, as well as issuance costs related to prepaid insurance costs are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method.

In governmental fund financial statements, bond premiums and discounts, as well as debt issuance costs are recognized in the period the bonds are issued. The face amount of the debt is reported as other financing sources. Premiums received on debt issuance are also reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds, are reported as debt service expenditures in the period the bonds are issued.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The District reports deferred inflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

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 California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions 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. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

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 additions to/deductions from the District Plan have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund. The District has a defined benefit plan that is administered through a trust that meets the criteria of paragraph 3 of GASB Statement No. 74. More detailed information is discussed in Note 11 of the financial statements.

Leases

As *Lessor*: The District is a lessor for four noncancellable building leases. Accordingly, the District recognizes a lease receivable and a deferred inflow of resources.

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 inflows of resources are initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts. The District uses the U.S. Treasury state and local government securities (SLGS) rates as the initial discount rate for leases with adjustment for applicable lease terms. The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

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

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise. The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

No lease asset or lease liability as lessee was reported as of June 30, 2022.

Fund Balances - Governmental Funds

As of June 30, 2022, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's practice, only the chief business officer may assign amounts for specific purposes.

Unassigned - all other spendable amounts. It is the District's practice to maintain an amount equal to at least 3% of General Fund annual expenditures and other financing uses for economic uncertainties and another 3% designated by the governing board for the same purpose.

Spending Order Policy

When an expenditure or expense is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of the assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net position reported as net of investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Interfund Activity

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

Estimates

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

Property Tax

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

Change in Accounting Principles

GASB Statement Number 87 – As of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The effect of the implementation of this pronouncement on beginning net position and fund balance is disclosed in Note 16 to the financial statements.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2022 consisted of the following:

Cash on hand and in banks	$	224,262
Revolving cash		73,060
Investments with the San Mateo County Treasury Pool		91,696,169
Total deposits and investments	$	91,993,491

Policies and Practices

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

General Authorizations

Limitations as they relate to interest rate risk, credit risk, and concentration of credit risk are indicated in the schedules below:

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

Investment in County Treasury - The District is considered to be an involuntary participant in an external investment pool as the District is required to deposit all receipts and collections of monies with their County Treasurer (*Education Code* Section 41001). The fair value of the District's investment in the pool is reported in the accounting financial statements at amounts based upon the District's pro-rata share of the fair value provided by the County Treasurer for the entire portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by the county treasurer, which is recorded on the amortized cost basis.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rate. The District manages its exposure to interest rate risk by investing in the county pool and having the pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The weighted average maturity of the San Mateo County Investment Pool was 1.45 years in June 30, 2022.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the San Mateo County Investment Pool are not rated as of June 30, 2022.

Note 3 - 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. Investment in the county treasury investment pool is not measured using the input levels because the participant's transactions are uncategorized. All contributions and redemptions are transacted at fair value measurements.

Note 4 - Receivables

Receivables at June 30, 2022, consisted of intergovernmental grants, entitlements, interest and other local sources.

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
Federal Government						
Categorical aid	$ 6,998,423	$ -	$ -	$ -	$ 1,562,649	$ 8,561,072
State Government						
LCFF apportionment	13,538	-	-	-	-	13,538
Categorical aid	95,662	-	-	-	785,905	881,567
Lottery	407,456	-	-	-	-	407,456
Local Government						
Interest	-	-	-	36,063	5,266	41,329
Other local sources	1,664,269	318,473	127,169	-	121,480	2,231,391
Total	$ 9,179,348	$ 318,473	$ 127,169	$ 36,063	$ 2,475,300	$ 12,136,353

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,441,595	$ -	$ -	$ 1,441,595
Construction in progress	123,796,435	49,723,517	(37,811,180)	135,708,772
Total capital assets not being depreciated	125,238,030	49,723,517	(37,811,180)	137,150,367
Capital assets being depreciated				
Land improvements	15,060,696	-	-	15,060,696
Buildings and improvements	147,581,315	41,456,805	-	189,038,120
Furniture and equipment	6,578,460	34,585	-	6,613,045
Total capital assets being depreciated	169,220,471	41,491,390	-	210,711,861
Total capital assets	294,458,501	91,214,907	(37,811,180)	347,862,228
Accumulated depreciation				
Land improvements	(12,996,884)	(507,400)	-	(13,504,284)
Buildings and improvements	(71,614,412)	(4,244,485)	-	(75,858,897)
Furniture and equipment	(3,532,342)	(225,390)	-	(3,757,732)
Total accumulated depreciation	(88,143,638)	(4,977,275)	-	(93,120,913)
Governmental activities capital assets, net	$ 206,314,863	$ 96,192,182	$ (37,811,180)	$ 254,741,315

Depreciation expense was charged as a direct expense to governmental functions as follows:

Governmental Activities	
Instruction	$ 2,849,183
Supervision of instruction	203,724
Instructional library, media, and technology	128,776
School site administration	307,573
Home-to-school transportation	123,156
Food services	189,675
All other pupil services	349,200
Data processing	26,227
All other administration	273,344
Plant services	436,734
Community services	89,683
Total depreciation expenses governmental activities	$ 4,977,275

Note 6 - Interfund Transactions

Interfund Receivables and Payables

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2022, between major and non-major governmental funds, are as follows:

	Due From			
Due To	General Fund	Capital Facilities Funds	Nonmajor Governmental Funds	Total
General Fund	$ -	$ -	$ 5,000	$ 5,000
Capital Facilities Fund	1,581,616	-	-	1,581,616
Building Fund	13	8,156	-	8,169
Nonmajor Governmental Funds	769,222	10,922	-	780,144
Total	$ 2,350,851	$ 19,078	$ 5,000	$ 2,374,929

All remaining balances resulted from the time lag between the date that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

Operating Transfers

Interfund transfers consisted of the capital facilities fund transferring to the deferred maintenance fund $123,675 for the required maintenance match.

Note 7 - Accounts Payable

Accounts payable at June 30, 2022, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Nonmajor Governmental Funds	Total
Vendor payables	6,987,324	$ 6,169,535	$ 7,395	$ 164,735	$ 13,328,989
Salaries and benefits	1,339,729	36,464	2,393	67,176	1,445,762
Total	$ 8,327,053	$ 6,205,999	$ 9,788	$ 231,911	$ 14,774,751

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2022, consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Federal sources	$ 193,748	$ 3,063	$ 196,811
State sources	340,340	23,100	363,440
Local sources	2,090,967	128,469	2,219,436
Total	$ 2,625,055	$ 154,632	$ 2,779,687

Note 9 - Lease Receivables as Lessor

The District is leasing four of its buildings to third parties under noncancellable lease agreements. The leases agreements expire during fiscal years 2025 through 2031 and the District is currently receiving annual payments of $2.2 million. The District recognized $2.2 million in lease revenue and $328 thousand in interest revenue during the current fiscal year related to the leases. As of June 30, 2022, the District's receivable for lease payments was $15.6 million and was calculated using a discount rate range of 2.06%. to 2.47%. Also, the District has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was $15.1 million. Final receipt is expected in fiscal year 2031.

Regulated Leases

The District has charter school facilities program use agreements with three charter organizations, as required by status. California Education Code (EC) Section 47614 was amended in November 2000, with the intent that public school facilities are shared among all public-school pupils, including those in charter schools. EC Section 47614 requires that school districts make available, to all charter schools operating in their school district with projections of at least 80 units of average daily attendance (ADA), facilities that will sufficiently accommodate all of the charter's in-district students, and that facilities be "reasonably equivalent" to other classrooms, buildings, or facilities in the district. EC Section 47614(b)(1) states that school districts may charge a charter school a pro-rata share of the facilities costs which the school district pays for with unrestricted general fund revenues. The pro-rata share is based on the ratio of space allocated by the school district to the charter school divided by the total space of the district. Charter schools shall not be otherwise charged for use of the facilities.
We should insert a schedule of future charter school lease payments here.

Note 10 - Long-Term Debt

Summary

The changes in the District's long-term debt during the year consisted of the following:

	Balance July 1, 2021	Additions	Deductions	Balance June 30, 2022	Due in One Year
General obligation bonds	$ 193,328,493	$ 326,507	$ (11,140,000)	$ 182,515,000	$ 11,740,000
State school building loan	746,506	-	(103,481)	643,025	104,519
Unamortized debt premiums	13,767,467	-	(665,479)	13,101,988	636,892
Finance purchase	1,832,101	-	(183,729)	1,648,372	197,611
Total	$ 209,674,567	$ 326,507	$ (12,092,689)	$ 197,908,385	$ 12,679,022

Payments on the general obligation bonds are made from the Bond Interest and Redemption Bond Fund with local resources. Payments on the state school building loans, lease financing payments are made by the general fund. Compensated absences, other postemployment benefits, and net pension liabilities are paid by the funds for which the employee worked.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2021	Additions	Redemptions	Bonds Outstanding June 30, 2022
8/1/1997	8/1/2022	3.75-6.5%	$ 7,506,203	$ 11,423,493	$ 326,507	$ (5,725,000)	$ 6,025,000
6/14/2012	2/1/2027	3.0-5.0%	18,545,000	14,060,000	-	(1,455,000)	12,605,000
8/24/2016	8/1/2046	2.0-4.0%	60,000,000	44,900,000	-	-	44,900,000
3/1/2018	8/1/2040	4.0-5.0%	67,000,000	57,395,000	-	-	57,395,000
10/16/2019	8/1/2041	2.625-4.0%	41,500,000	41,500,000	-	-	41,500,000
10/16/2019	8/1/2029	1.817-2.384%	16,000,000	16,000,000	-	-	16,000,000
10/16/2019	8/1/2022	3.0-4.0%	8,500,000	8,050,000	-	(3,960,000)	4,090,000
				$ 193,328,493	$ 326,507	$ (11,140,000)	$ 182,515,000

Debt Service Requirements to Maturity

The bonds mature through 2048 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	$ 11,740,000	$ 6,377,411	$ 18,117,411
2024	4,900,000	6,184,207	11,084,207
2025	5,145,000	6,038,457	11,183,457
2026	5,615,000	5,884,653	11,499,653
2027	8,755,000	5,717,760	14,472,760
2028-2032	20,960,000	25,911,923	46,871,923
2033-2037	26,475,000	21,736,379	48,211,379
2038-2042	39,100,000	16,036,869	55,136,869
2043-2047	52,185,000	6,551,619	58,736,619
2048	7,640,000	133,700	7,773,700
Total	$ 182,515,000	$ 100,572,978	$ 283,087,978

State and Public School Building Loans

The state school building loan was disbursed in fiscal year 2014. Principal and interest payments of one percent mature through fiscal year 2028 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2023	$ 104,519	$ 6,170	$ 110,689
2024	105,553	5,136	110,689
2025	106,625	4,064	110,689
2026	107,694	2,995	110,689
2027	108,773	1,916	110,689
2028	109,861	827	110,688
Total	$ 643,025	$ 21,108	$ 664,133

The State and public-school building loans are secured by all sites purchased and improved, all equipment purchased, and all buildings constructed, reconstructed, altered, or added to through the expenditure of such funds in accordance with Section 16019 of the *Education Code*. Annual repayment is determined by the State Controller in accordance with Section 16214 of the *Education Code*.

Finance Purchase

The District has entered into an agreement to finance the purchase of equipment. Such agreements are, in substance, purchases and are reported as finance purchase obligations. The financed purchases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2023	$ 240,480
2024	249,464
2025	258,788
2026	268,467
2027	278,511
2028-2029	519,790
Total	1,815,500
Less amount representing interest	(167,128)
Present value of minimum lease payments	$ 1,648,372

Note 11 - Fund Balances

Fund balances are composed of the following elements on June 30, 2022:

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
Nonspendable						
Lease receivables	$ 457,752	$ -	$ -	$ -	$ -	$ 457,752
Revolving cash	73,060	-	-	-	-	73,060
Stores inventories	49,793	-	-	-	-	49,793
Prepaid expenditures	65,922	180,453	-	-	-	246,375
Total nonspendable	646,527	180,453	-	-	-	826,980
Restricted						
Purpose of the grant	9,474,287	-	-	-	337,181	9,811,468
Food service	-	-	-	-	2,592,723	2,592,723
Capital projects	-	18,419,778	24,181,975	-	-	42,601,753
Debt services	-	-	-	15,313,039	-	15,313,039
Student body activities	197,728	-	-	-	-	197,728
Total restricted	9,672,015	18,419,778	24,181,975	15,313,039	2,929,904	70,516,711
Assigned						
Carryover of unspent funds	4,318,738	-	-	-	-	4,318,738
Substitute sick leave allocation	35,000	-	-	-	-	35,000
Health care	250,000	-	-	-	-	250,000
Basic aid excess funding	-	-	-	-	1,856,808	1,856,808
Total assigned	4,603,738	-	-	-	1,856,808	6,460,546
Unassigned						
Reserve for economic uncertainties	7,306,124	-	-	-	-	7,306,124
Remaining unassigned	3,062,923	-	(799,568)	-	(44,391)	2,218,964
Total unassigned	10,369,047	-	(799,568)	-	(44,391)	9,525,088
Total	$ 25,291,327	$ 18,600,231	$ 23,382,407	$ 15,313,039	$ 4,742,321	$ 87,329,325

Note 12 - Postemployment Benefits Other Than Pensions (OPEB)

As of June 30, 2022, the District reported the following amounts for total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense:

Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
$ 40,111,774	$ 6,668,883	$ 2,019,027	$ 3,649,461

General Information About the OPEB Plan

Plan Description

The Retiree Health Benefits Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the Redwood City School District. There are no assets accumulated in a trust that meet the criteria in paragraph 4 GASB Statement No. 75.

Benefits Provided

The District contributes to PEMHCA on behalf of each retiree eligible for PEMHCA. The contribution was $149/month for calendar 2022. The District has now participated in PEMHCA for over 20 years; therefore, the minimum contribution for retirees will be 100% of the minimum contribution for active employees for all future years.

Certificated employees who retired on or after July 1, 2007 and attain age 55 with at least 10 years of consecutive service are eligible to retire and receive an additional District contribution towards healthcare coverage up to the single-party medical cap, family dental and single-party vision. The medical cap is based on the least expensive medical plan offered. Medical, dental and vision caps are all updated for premium increases, if any, each year after retirement.

Classified employees who hired prior to July 1, 2012 and attain age 55 with at least 10 years of consecutive service (15 years for Classified Employees hired on or after July 1, 2012) are eligible to retire and receive an additional District contribution towards medical and dental coverage up to the single-party medical cap and family dental. The medical cap is based on the least expensive of the four most common HMOs in the year of retirement. Dental cap is updated for premium increases, if any, each year after retirement.

Management employees attain age 55 with at least 15 years of service are eligible to retire and receive an additional District contribution towards medical coverage up to the single-party medical cap and family dental. The medical cap is based on monthly allowance in the year of retirement. Dental cap is updated for premium increases, if any, each year after retirement.

When benefits end at age 65, the District contribution is limited to the PEMHCA statutory minimum (as increased with medical inflation) toward PEMHCA coverage only for the retiree's remaining lifetime. The District pays a 0.31%-of-premium administrative fee to CalPERS for each retiree (in addition to the statutory minimum contribution but included in the cap).

Employees Covered by Benefit Terms

As of the June 30, 2021 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits payments	355
Active employees	727
Total	1,082

Total OPEB Liability

The District's total OPEB liability of $40,111,774 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs

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

Inflation	2.75	%
Salary increases	3.00	%, average, including inflation
Discount rate	1.92	%
Investment rate of return	2.45	%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00	% for 2021-2023, 5.20% for 2024-2069, 4.00% for 2070 and later; Medicare ages: 4.00% for all years.

The discount rate was based on the Municipal Bond 20 Year High Grade Rate Index.

Pre-retirement mortality rates were based on the RP-2014 Employee Mortality Table for Males or Females, as appropriate, without projection. Post-retirement mortality rates were based on the RP-2014 Health Annuitant Mortality Table for Males or Females, as appropriate, without projection.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2021	$ 36,729,717
Service cost	2,055,090
Interest	934,905
Differences between expected and actual experience	(394,964)
Changes of assumptions or other inputs	2,045,504
Benefit payments	(1,258,478)
Net change in total OPEB liability	3,382,057
Balance, June 30, 2022	$ 40,111,774

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 percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (0.92%)	$ 46,480,386
Current discount rate (1.92%)	40,111,774
1% increase (2.92%)	35,005,572

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 rate that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rates	Total OPEB Liability
1% decrease	$ 34,383,671
Current trend rate	40,111,774
1% increase	47,383,237

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

For the year ended June 30, 2022, the District recognized OPEB expense of $5,003,944. On June 30, 2022, 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
OPEB contributions subsequent to measurement date	$ 1,354,483	$ -
Differences between expected and actual experience	-	1,394,241
Changes of assumptions	5,314,400	624,786
Total	$ 6,668,883	$ 2,019,027

Contributions paid subsequent to the measurement date will be recognized as part of the OPEB expense in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 659,466
2024	659,466
2025	954,587
2026	746,764
2027	275,090
Total	$ 3,295,373

Note 13 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2022, the District contracted with San Mateo County Schools Insurance Group (SMCSIG) for property and liability insurance coverage. SMCSIG is self-insured retention for up to $250,000 per occurrence. SMCSIG purchases coverage for liability insurance from CSAC Excess Insurance Authority (CSAC EIA) for claims in excess of $250,000 and up to $5 million. In addition, excess liability coverage is provided through Schools Excess Liability Fund (SELF) for claims in excess of $5 million and up to $55 million.

Settled claims have not exceeded coverage in any of the past three years. There has not been a reduction in coverage to date.

Workers' Compensation

For fiscal year 2022, the District participated in the San Mateo County Schools Insurance Group, a workers' compensation insurance purchasing pool. Claims liability is covered by Protected Insurance Program for Schools (PIPS) with minimal individual liability to the District. The intent of the San Mateo County Schools Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the San Mateo County Schools Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the San Mateo County Schools Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. Total savings are than calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the San Mateo County Schools Insurance Group.

Note 14 - Employee Retirement Systems

Qualified employees are covered under multiple-employer defined benefit pension plans maintained by agencies of the State of California. Academic employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

Qualified employees are covered under multiple-employer retirement plans maintained by agencies of the State of California. Certificated employees are members of the California State Teachers' Retirement System (CalSTRS) and classified employees are members of the California Public Employees' Retirement System (CalPERS).

For the fiscal year ended June 30, 2022, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	$ 33,870,775	$ 14,928,528	$ 33,157,957	$ 829,692
CalPERS	26,310,841	5,979,623	11,743,603	1,551,239
Total	$ 60,181,616	$ 20,908,151	$ 44,901,560	$ 2,380,931

The details of each plan are as follows:

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, 2020, 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: http://www.calstrs.com/member-publications.

Benefits Provided

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. 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 of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

The STRP provisions and benefits in effect at June 30, 2022, 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 employee contribution rate	10.25%	10.205%
Required employer contribution rate	16.15%	16.15%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2022, are presented above and the District's total contributions were $7,359,872.

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

At June 30, 2022, 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:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 33,870,775
State’s proportionate share of the net pension liability	17,042,460
Total	$ 50,913,235

The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively was 0.0744% and 0.0696%, resulting in a net increase in the proportionate share of 0.0048%.

For the year ended June 30, 2022, the District recognized pension expense of $829,692. In addition, the District recognized pension expense and revenue of $583,087 for support provided by the State. At June 30, 2022, 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	$ 7,359,872	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,684,679	2,760,745
Differences between projected and actual earnings on pension plan investments	-	26,792,655
Differences between expected and actual experience in the measurement of the total pension liability	84,848	3,604,557
Changes of assumptions	4,799,129	-
Total	$ 14,928,528	$ 33,157,957

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 of resources related to the difference between projected and actual earnings on pension plan investments are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (6,803,727)
2024	(6,223,188)
2025	(6,377,627)
2026	(7,388,113)
Total	$ (26,792,655)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions 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 seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ 548,155
2024	1,377,849
2025	(554,034)
2026	(333,716)
2027	75,897
Thereafter	89,203
Total	$ 1,203,354

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.00%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110% of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of 20-year geometrically-linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2021, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these 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 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%)	$ 68,948,775
Current discount rate (7.10%)	33,870,775
1% increase (8.10%)	4,756,705

California Public Employees' Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system 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, 2020 annual actuarial valuation report, Schools Pool Actuarial Valuation. 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/forms-publications.

Benefits Provided

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

	School Employer Pool (CalPERS)	
Hire date	On or before December 31, 2012	On or after 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
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were $5,194,177.

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

As of June 30, 2022, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $26,310,841. The net pension liability was measured as of June 30, 2021. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2021 and June 30, 2020, respectively was 0.1294% and 0. 1302%, resulting in a net decrease in the proportionate share of 0.0008%.

For the year ended June 30, 2022, the District recognized pension expense of $1,551,239. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred of Resources
Pension contributions subsequent to measurement date	$ 5,194,177	
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	1,584,259
Differences between projected and actual earnings on pension plan investments	-	10,097,319
Differences between expected and actual experience in the measurement of the total pension liability	785,446	62,025
Total	$ 5,979,623	$ 11,743,603

The deferred outflow 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 and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (2,532,399)
2024	(2,328,768)
2025	(2,427,891)
2026	(2,808,261)
Total	$ (10,097,319)

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period.

The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2023	$ (339,089)
2024	(408,065)
2025	(106,473)
2026	(7,211)
Total	$ (860,838)

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of June 30, 2020, and rolling forward the total pension liability to June 30, 2021. The financial reporting actuarial valuation as of June 30, 2020, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2020
Measurement date	June 30, 2021
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90% of scale MP-2016.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound returns were calculated over the short-term (first ten years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	50%	5.98%
Fixed income	28%	2.62%
Inflation assets	0%	1.81%
Private equity	8%	7.23%
Real assets	13%	4.93%
Liquidity	1%	-0.92%

Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool 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 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 (6.15%)	$ 44,363,772
Current discount rate (7.15%)	26,310,841
1% increase (8.15%)	11,323,034

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. The state contribution for fiscal year ending June 30, 2022 was $4,786,680. The CalSTRS on behalf contribution is reported in the general fund as state revenue and pension expenditure.

Note 15 - Commitments and Contingencies

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2022.

Litigation

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2022.

Construction Commitments

As of June 30, 2022, the District has commitments for capital construction projects totaling approximately $4.9 million.

Note 16 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the San Mateo County Schools Insurance Group (SMCSIG) joint powers authority (JPA). The District pays an annual premium to the applicable entity for its dental, vision, workers' compensation, and property liability coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes. SMCSIG has budgeting and financial reporting requirements of member units and its financial statements are not presented in these financial statements; however, transactions between SMCSIG and the District are included in these statements. Audited financial statements are available from the entity. During the year ended June 30, 2022, the District made payments of $2.35 million to SMCSIG JPA for workers' compensation premiums and $1.4 million for dental and vision premiums.

Note 17 - Change in Accounting Principles and Restatement of Prior Year Net Position and Fund Balance

As described in Note 1 under the sub-header "Change in Accounting Principles," as of July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. As a result of the implementation of GASB 87, the District recognized a lease receivable and a deferred inflow of resources from leases. The effect of the implementation of GASB 87 is summarized in the following table:

	General Fund	Governmental Activities
Beginning fund balance/net position, previously reported on July 1, 2021	$ 24,359,701	$ (9,562)
Recognition of lease receivables	17,401,500	17,401,500
Recognition of deferred inflows from leases	(17,401,500)	(17,401,500)
Beginning fund balance/net position, as restated on July 1, 2021	$ 24,359,701	$ (9,562)

Note 18 - Subsequent events

Pension Investments
In July of 2022, CalPERS announced a net investment return of negative 6.1% for the fiscal year ending 2021-22. In August of 2022, CalSTRS announced a net investment return of negative 1.3% for the fiscal year ending 2021-22. This, along with the change in the CalPERS discount rate to 6.8%, will negatively impact the net pension liability in future reporting periods. As the investment pool experienced gains in the fiscal year 2021, resulting in a drastically reduced liability in the fiscal year 2022, the District expects the inverse to be true in the fiscal year 2023 as all gains were lost in the fiscal year 2022.

Changes in Interest Rates
As of January 31, 2023, the market value of the District's June 30, 2022 investment portfolio is 97.07 percent of the book value, or $2.7 million unrealized market loss. Interest rates are expected to increase further, and it is expected as of the report date that the market value will likely decline further. The District's practice is to buy and hold investments until maturity; this minimizes the risk of loss for investment principal due to lower market values.

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Required Supplementary Information
June 30, 2022

Redwood City School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 85,041,928	$ 85,551,322	$ 86,392,045	$ 840,723
Federal sources	8,988,463	16,654,428	12,764,023	(3,890,405)
Other State sources	7,343,117	15,056,622	15,186,577	129,955
Other local sources	18,082,898	11,003,404	8,686,501	(2,316,903)
Total revenues	119,456,406	128,265,776	123,029,146	(5,236,630)
Expenditures				
Current				
Certificated salaries	47,414,126	45,933,143	44,421,457	1,511,686
Classified salaries	19,874,234	21,493,476	20,148,199	1,345,277
Employee benefits	32,081,468	32,114,591	29,894,276	2,220,315
Books and supplies	4,951,751	8,403,388	3,751,272	4,652,116
Services and operating expenditures	20,233,346	27,500,302	21,486,707	6,013,595
Other outgo	420,763	78,771	(15,037)	93,808
Capital outlay	-	2,076,913	2,068,132	8,781
Debt service				
Debt service - principal	287,211	287,211	287,211	-
Debt service - interest and other	55,303	55,303	55,303	-
Total expenditures	125,318,202	137,943,098	122,097,520	15,845,578
Excess (Deficiency) of Revenues Over Expenditures	(5,861,796)	(9,677,322)	931,626	10,608,948
Other Financing Sources (Uses)				
Transfers in	2,400,000	-	-	-
Net financing sources (uses)	2,400,000	-	-	-
Net Change in Fund Balances	(3,461,796)	(9,677,322)	931,626	10,608,948
Fund Balance - Beginning, as restated	24,359,701	24,359,701	24,359,701	-
Fund Balance - Ending	$ 20,897,905	$ 14,682,379	$ 25,291,327	$ 10,608,948

Redwood City School District

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

Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	$ 2,055,090	$ 1,614,529	$ 1,365,799	$ 1,814,207	$ 1,759,146
Interest	934,905	1,038,713	1,106,615	923,085	876,477
Difference between expected and actual experience	(394,964)	-	(2,166,935)	-	-
Changes of assumptions	2,045,504	3,092,089	3,185,779	(1,874,358)	-
Benefit payments	(1,258,478)	(1,164,657)	(1,082,177)	(1,219,608)	(1,074,610)
Net change in total OPEB liability	3,382,057	4,580,674	2,409,081	(356,674)	1,561,013
Total OPEB Liability - Beginning	36,729,717	32,149,043	29,739,962	30,096,636	28,535,623
Total OPEB Liability - Ending	$ 40,111,774	$ 36,729,717	$ 32,149,043	$ 29,739,962	$ 30,096,636
Covered-Employee Payroll	$ 54,444,090	$ 55,221,208	$ 56,498,439	$ 55,703,225	$ 57,506,254
Total OPEB Liability as a Percentage of Covered Payroll	74%	67%	57%	53%	52%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Redwood City School District

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

Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Proportion of the net pension liability	0.0744%	0.0696%	0.0694%	0.0713%	0.0732%	0.0753%	0.0820%	0.0817%
Proportionate share of the net pension liability	$ 33,870,775	$ 67,453,872	$ 62,678,276	$ 65,533,452	$ 6,766,293	$ 60,926,858	$ 55,191,692	$ 47,739,990
State's proportionate share of the net pension liability (asset)	17,042,460	34,772,479	34,195,184	37,520,966	40,027,258	34,684,573	29,190,321	28,827,467
Total	$ 50,913,235	$ 102,226,351	$ 96,873,460	$ 103,054,418	$ 46,793,551	$ 95,611,431	$ 84,382,013	$ 76,567,457
Covered payroll	$ 40,475,963	$ 37,987,386	$ 37,893,326	$ 37,157,034	$ 38,775,429	$ 37,541,855	$ 37,677,883	$ -
Proportionate share of the net pension liability as a percentage of its covered payroll	83.68%	177.57%	165.41%	176.37%	17.45%	162.29%	146.48%	130.22%
Plan fiduciary net position as a percentage of the total pension liability	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS								
Proportion of the net pension liability	12.9400%	0.1302%	0.1334%	0.1402%	0.1469%	0.1501%	0.1482%	0.1455%
Proportionate share of the net pension liability	$ 26,310,841	$ 39,939,291	$ 38,877,413	$ 37,391,485	$ 35,065,496	$ 29,643,117	$ 21,848,267	$ 16,515,190
Covered payroll	$ 18,597,324	$ 18,847,224	$ 18,605,113	$ 18,546,191	$ 18,730,825	$ 18,006,500	$ 16,302,064	$ -
Proportionate share of the net pension liability as a percentage of its covered payroll	141.48%	211.91%	208.96%	201.61%	187.21%	164.62%	134.02%	109.00%
Plan fiduciary net position as a percentage of the total pension liability	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Redwood City School District
Schedule of the District Pension Contributions
Year Ended June 30, 2022

	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS								
Contractually required contribution	$ 7,359,872	$ 6,536,868	$ 6,495,843	$ 6,146,112	$ 5,361,760	$ 4,877,949	$ 4,028,241	$ 3,345,796
Less contributions in relation to the contractually required contribution	7,359,872	6,536,868	6,495,843	6,146,112	5,361,760	4,877,949	4,028,241	3,345,796
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 43,498,061	$ 40,475,963	$ 37,987,386	$ 37,893,326	$ 37,157,034	$ 38,775,429	$ 37,541,855	$ 37,677,883
Contributions as a percentage of covered payroll	16.92%	16.15%	17.10%	16.22%	14.43%	12.58%	10.73%	8.88%
CalPERS								
Contractually required contribution	$ 5,194,177	$3,849,646	$ 3,716,861	$ 3,348,741	$ 2,880,409	$ 2,601,337	$ 2,133,230	$ 1,918,916
Less contributions in relation to the contractually required contribution	5,194,177	3,849,646	3,716,861	3,348,741	2,880,409	2,601,337	2,133,230	1,918,916
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 22,672,095	$ 18,597,324	$ 18,847,224	$ 18,605,113	$ 18,546,191	$ 18,730,825	$ 18,006,500	$ 16,302,064
Contributions as a percentage of covered payroll	22.91%	20.70%	19.72%	18.00%	15.53%	13.89%	11.85%	11.77%

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

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. Budget is adopted on a basis consistent with Generally Accepted Accounting Principles.

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

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

Schedule of Changes in Total Other Postemployment Benefits (OPEB) Liability

This schedule presents information on the District's Total OPEB liability. In the future, as data becomes available, ten years of information will be presented. There are no assets accumulated in a trust that meet the criteria in paragraph 4 GASB Statement No. 75.

- ***Changes in Benefit Terms*** – There were no changes in benefit terms since the previous valuation.
- ***Changes of Assumptions*** – The discount rate was changed as of the 2021 measurement date to 2.75 from 2.45 (as of the 2020 measurement date).

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

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- ***Changes in Benefit Terms*** – There were no changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- ***Changes of Assumptions*** – There were no changes in economic assumptions for either the CalSTRS or CalPERS plans from the previous valuations.

Schedule of District Pension Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Supplementary Information
June 30, 2022

Redwood City School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Migrant Education State Grant Program	84.011	14838	$ 131,943
Migrant Education State Grant Program - Summer	84.011	10005	10,110
Subtotal			142,053
English Language Acquisition Grants	84.365	15146	84,852
English Language Acquisition Grants	84.365	14346	298,035
Subtotal			382,887
Title I Grants to Local Educational Agencies	84.010	14329	1,150,378
Supporting Effective Instruction State Grant	84.367	14341	178,036
Student Support and Academic Enrichment Program	84.424	15396	106,538
Twenty-First Century Community Learning Centers	84.287	14349	444,764
Special Education Cluster:			
Special Education Grants to States - Basic	84.027	13379	1,410,344
IDEA Local Assistance, Part B, Sec 611, Private School ISP	84.027	10115	78,891
Special Education Preschool Grants	84.173	13430	110,333
Preschool Staff Development	84.173A	13431	649
Total Special Education Cluster			1,600,217
COVID-19, ESSER	84.425D	15536	453,820
COVID-19, ESSER II	84.425D	15547	3,782,281
COVID-19, ESSER III	84.425U	15559	2,722,367
COVID-19, ESSER III: Learning Loss	84.425U	10155	728,152
COVID-19, ESSER II: State Reserve	84.425D	15618	506,692
COVID-19, GEER II: State Reserve, Emergency Needs	84.425C	15619	3,500
COVID-19, ESSER III: State Reserve, Emergency Needs	84.425U	15620	318,270
COVID-19, ESSER III: State Reserve, Learning Loss	84.425U	15621	244,068
Total U.S. Department of Education			12,764,023
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13391	3,471,621
National School Lunch Program, commodities	10.555	n/a	28,811
School Breakfast Program	10.553	13525	1,554,844
COVID-19, Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	10.555	15535	365,748
Total Child Nutrition Cluster			5,421,024
Child and Adult Care Food Program	10.558	13393	585,594
Total U.S. Department of Agriculture			6,006,618
U.S. Department of Health and Human Services			
Passed Through California Department of Education			
Child Development: ARP California State Preschool Program - One-time Stipend	93.575	15640	120,000
Total Federal Financial Assistance			$ 18,890,641

Organization

The Redwood City School District was established in 1895 and consists of an area comprising approximately 19 square miles. The District operates 10 elementary schools and 2 middle schools. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Maria Diaz-Slocum	President	2022
Cecilia I. Marquez	Vice President	2022
Janet Lawson	Clerk	2024
Mike Wells	Member	2024
Alisa MacAvoy	Member	2024

Administration

Name	Title
John R. Baker, Ed. D.	Superintendent
Wendy Kelly	Deputy Superintendent
Elizabeth Wolfe	Assistant Superintendent of Ed Services
Priscilla Aquino-Dichoso	Chief Business Official

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,493.21	2,495.77
Fourth through sixth	2,008.69	2,009.59
Seventh and eighth	1,386.67	1,387.42
Total Regular ADA	5,888.57	5,892.78
Extended Year Special Education		
Transitional kindergarten through third	3.65	3.65
Fourth through sixth	3.54	3.54
Seventh and eighth	1.36	1.36
Total Extended Year Special Education	8.55	8.55
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	6.30	6.97
Fourth through sixth	5.19	5.56
Seventh and eighth	3.16	3.30
Total Special Education, Nonpublic, Nonsectarian Schools	14.65	15.83
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.17	0.17
Seventh and eighth	0.26	0.26
Ninth through twelfth	0.20	0.20
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.63	0.63
Total ADA	5,912.40	5,917.79

Grade Level	1986-1987 Minutes Requirement	2021-2022 Actual Minutes	Number of Actual Days		Status
			Traditional Calendar	Total Days Offered	
Kindergarten	36,000	39,115	180	N/A	Complied
Grades 1 - 3					
Grade 1	50,400	51,145	180	N/A	Complied
Grade 2	50,400	51,145	180	N/A	Complied
Grade 3	50,400	51,880	180	N/A	Complied
Grades 4 - 8					
Grade 4	50,400	54,725	180	N/A	Complied
Grade 5	50,400	54,725	180	N/A	Complied
Grade 6	50,400	54,725	180	N/A	Complied
Grade 7	50,400	54,725	180	N/A	Complied
Grade 8	50,400	54,725	180	N/A	Complied

The District did not file J-13A during FY2021-22.

Summarized below are the fund balance reconciliations between the Unaudited Actual Financial Report and the audited financial statements.

	General Fund
Fund balance, June 30, 2022 per unaudited actuals	$ 24,833,576
Recognize the lease receivable per GASB 87	15,576,061
Recognize the deferred inflows from leaes per GASB 87	(15,118,310)
Fund balance, June 30, 2022 per GAAP basis financial statements	$ 25,291,327

	(Budget) 2023 [1]	2022	2021	2020
General Fund				
Revenues	$ 126,252,475	$ 123,029,146	$114,267,818	$106,250,823
Other sources	-	-	-	500,000
Total revenues and other sources	126,252,475	123,029,146	114,267,818	106,750,823
Expenditures	130,837,953	122,097,520	106,543,268	101,899,016
Other uses and transfers out	-	-	-	-
Total expenditures and other uses	130,837,953	122,097,520	106,543,268	101,899,016
Change in Fund Balance	(4,585,478)	931,626	7,724,550	4,851,807
Restatement, new GASB	-	-	191,302	-
Ending Fund Balance	$ 20,705,849	$ 25,291,327	$ 24,359,701	$16,443,849
Available Reserves [2]	$ 9,681,314	$ 10,369,047	$ 5,736,789	$ 6,372,221
Available Reserves as a Percentage of Total Outgo	7.40%	8.49%	13.32%	5.63%
Long-Term Commitments				
Debt	$ 185,229,363	$ 197,908,385	$209,674,567	$221,318,968
Direct district obligations				
Net pension liability	60,181,616	60,181,616	107,393,163	101,555,689
Total OPEB liability	40,111,774	40,111,774	36,729,717	32,149,043
Other	-	890,437	846,044	653,473
Total Long-Term Liabilities	$ 285,522,753	$ 299,092,212	$ 354,643,491	$ 355,677,173
K-12 Average Daily Attendance at P-2	5,888	5,912	6,866	6,866

The general fund balance has increased by $8,847,478 over the past two years. The fiscal year 2022-2023 budget projects an operating deficit of $4,585,478. For a district this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo). Total long-term liabilities have decreased by $56,584,961 over the past two years due mostly to general obligation bonds and pensions. Average daily attendance has decreased by 954 over the past two years.

[1] Budget 2023 is included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties.

Name of Charter School	Charter Number	Included in Audit Report
Connect Community Charter School	1498	No
KIPP Excelencia Community Preparatory	1735	No
Rocketship Redwood City	1736	No

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Capital Outlay Fund	Total Nonmajor Governmental Funds
Assets					
Deposits and investments	$ 185,415	$ 1,388,408	$ 10,891	$ 1,843,995	$ 3,428,709
Receivables	907,292	1,562,649	93	5,266	2,475,300
Total assets	$ 1,092,707	$ 2,951,057	$ 10,984	$ 1,854,261	$ 5,909,009
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 45,146	$ 172,973	$ (1)	$ 13,744	$ 231,862
Due to other funds	543,545	225,678	10,922	-	780,145
Due to other governments	4	38	7	-	49
Unearned revenue	150,596	4,036	-	-	154,632
Total liabilities	739,291	402,725	10,928	13,744	1,166,688
Fund Balances					
Restricted	337,125	2,592,723	56	-	2,929,904
Assigned	16,291	-	-	1,840,517	1,856,808
Unassigned	-	(44,391)	-	-	(44,391)
Total fund balances	353,416	2,548,332	56	1,840,517	4,742,321
Total liabilities and fund balances	$ 1,092,707	$ 2,951,057	$ 10,984	$ 1,854,261	$ 5,909,009

Redwood City School District

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds

Year Ended June 30, 2022

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Capital Outlay Fund	Total Nonmajor Governmental Funds
Revenues					
Federal sources	$ 120,000	$ 5,977,807	$ -	$ -	$ 6,097,807
Other State sources	4,859,874	347,029	-	-	5,206,903
Other local sources	574,703	(32,090)	(79)	(47,896)	494,638
Total revenues	5,554,577	6,292,746	(79)	(47,896)	11,799,348
Expenditures					
Current					
Instruction	4,520,927	-	-	-	4,520,927
Instruction-related activities					
Supervision of instruction	28,634	-	-	-	28,634
School site administration	503,229	-	-	-	503,229
Pupil services					
Food services	-	5,030,691	-	-	5,030,691
All other pupil services	14,425	-	-	-	14,425
Administration					
All other administration	322,278	148,541	-	-	470,819
Plant services	44,256	-	123,595	-	167,851
Capital outlay	-	-	-	208,876	208,876
Total expenditures	5,433,749	5,179,232	123,595	208,876	10,945,452
Excess (Deficiency) of Revenues Over Expenditures	120,828	1,113,514	(123,674)	(256,772)	853,896
Other Financing Sources (Uses)					
Transfers in	-	-	123,675	-	123,675
Net Change in Fund Balances	120,828	1,113,514	1	(256,772)	977,571
Fund Balance - Beginning, as restated	232,588	1,434,818	55	2,097,289	3,764,750
Fund Balance - Ending	$ 353,416	$ 2,548,332	$ 56	$ 1,840,517	$ 4,742,321

See Notes to Supplementary Information

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of presentation

The schedule of expenditures of federal awards (schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2022. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the accrual basis of accounting basis of accounting. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

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

Local Education Agency Organization Structure

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

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

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. The District has met its target funding. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46207.

Districts must maintain their instructional minutes at the 1986-87 requirements, as required by *Education Code* Section 46201.

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 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.

Schedule of Charter Schools

This schedule lists all Charter Schools chartered by the District, and displays information for each Charter School on whether or not the Charter School is included in the School District audit.

Nonmajor Governmental Funds – Balances Sheet and Statements of Revenues, Expenditures and Changes in Fund Balances

The Nonmajor Governmental Funds Combining Balance Sheet and Combining Statement or Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in Nonmajor Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances.

Independent Auditor's Reports
June 30, 2022

Redwood City School District

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EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Governing Board
Redwood City School District
Redwood City, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, , each major fund, and the aggregate remaining fund information of Redwood City School District (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 24, 2023.

Adoption of New Accounting Standard

As discussed in Note 1 and Note 16 to the financial statements, the District has adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 87, *Leases*, for the year ended June 30, 2022. Accordingly, a restatement has been made to the governmental activities and general fund as of July 1, 2021, to restate beginning fund balance and net position. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
March 24, 2023

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance

To the Governing Board
Redwood City School District
Redwood City, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Redwood City School District's (District) 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 District's major federal programs for the year ended June 30, 2022. The 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 District's complied, in all material respects, with the 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, 2022.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 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 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 District's federal programs.

Auditor's 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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 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 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 District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Menlo Park, California
March 24, 2023

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CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Governing Board
Redwood City School District
Redwood City, California

Report on State Compliance

Opinion on State Compliance

We have audited the Redwood City School District's (District) compliance with the types of compliance requirements identified as subject to audit in the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2022.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2022.

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 *(Government Auditing Standards)*; and the audit requirements of the *2021-2022 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 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 District's compliance with the requirements listed in the table below.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has 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 *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements listed in the table below.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2021-2022 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 considered 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 *2021-2022 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 control over compliance. Accordingly, no such opinion is expressed.
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	
General Requirements	Yes
After School	Yes
Before School	No, see below
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	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	No, see below
In Person Instruction Grant	Yes

	Procedures Performed
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below

Continuation Education
We did not perform Continuation Education procedures because the program is not offered by the District.

Early Retirement Incentive
The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

Juvenile Court Schools
We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

Middle or Early College High Schools
The District does not have any Middle or Early College High Schools; therefore, we did not perform procedures related to Middle or Early College High Schools.

Apprenticeship: Related and Supplemental Instruction
We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.

District of Choice
We did not perform District of Choice procedures because the program is not offered by the District.

Before School Education and Safety Program
The District does not offer a Before School Education and Safety Program; therefore, we did not perform procedures related to the Before School Education and Safety Program.

Independent Study- Course Based
The District does not offer an Independent Study – Course Based program; therefore, we did not perform any procedures related to the Independent Study – Course Based Program.

Career Technical Education Incentive Grant
We did not perform Career Technical Education Incentive Grant procedures because the District did not receive funding for this grant.

Charter Schools
The District does not operate any Charter Schools; therefore, we did not perform procedures for Charter School Programs.

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 during the audit.

Report on Internal Control over State Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 state compliance is solely to describe the scope of our testing of internal control over state compliance and the results of that testing based on the requirements of the *2021-2022 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
March 24, 2023

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Schedule of Findings and Questioned Costs
June 30, 2022

Redwood City School District

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a)	No

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing/ Federal CFDA Number
Education Stabilization Fund	84.425, 84.425C, 84.425D, 84.425U
Child Nutrition Cluster	10.553, 10.555

Dollar threshold used to distinguish between type A and type B programs	$ 750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance program	
Material weaknesses identified	No
Significant deficencies identified not considered to be material weaknesses	None Reported

None reported.

None reported.

None reported.

Summarized below is the current status of all audit findings reported in the prior year's Schedule of Findings and Questioned Costs.

Financial Statement Findings

2021-001 Audit Adjustments, Significant Deficiency in Internal Control
Code 30000

Criteria or Specific Requirements
Management of the District must account for all transactions per generally accepted accounting principles.

Condition
Audit adjustments were necessary for the financial statements to be presented per generally accepted accounting principles for governmental entities.

Current Status
Resolved