Financial Statements
June 30, 2021

Redwood City School District

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Independent Auditor's Report

To the Board of Education
Redwood City School District
Redwood City, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redwood City School District (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Redwood City School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, budgetary comparison information on page 54, schedule of changes in the District's total OPEB liability and related ratios on page 55, schedule of the District's proportionate share of the net pension liability on page 56, and the schedule of District pension contributions on page 57, be presented to supplement the basic financial statements. Such information, 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.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Redwood City School District's financial statements. The combining non-major governmental fund financial statements, Schedule of Expenditures of Federal Awards as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual non-major governmental fund financial statements, the schedule of expenditures of federal awards, and the 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 a report dated February 17, 2022 on our consideration of Redwood City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Redwood City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Redwood City School District's internal control over financial reporting and compliance.

Eide Bailly LLP

Menlo Park, California
February 17, 2022

This section of Redwood City School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2021, with comparative information for the year ended June 30, 2020. 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 deficit $10 thousand for the fiscal year ended June 30, 2021. Of this amount, ($107.9) 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)	
	2021	2020 Restated
Assets		
Current and other assets	$ 155,889	$ 214,647
Capital assets	206,315	138,660
Total assets	362,204	353,307
Deferred outflows of resources	27,610	25,370
Liabilities		
Current liabilities	24,179	17,906
Long-term liabilities	354,643	355,677
Total liabilities	378,822	373,583
Deferred inflows of resources	11,002	13,609
Net Position		
Net investment in capital assets	68,153	55,601
Restricted	39,726	42,164
Unrestricted	(107,889)	(106,280)
Total net position, as restated	$ (10)	$ (8,515)

The ($107.9) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and includes $94 million of net pension liabilities and pension deferrals and $33 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)	
	2021	2020
Revenues		
Program revenues		
Charges for services	$ 542	$ 1,437
Operating grants and contributions	34,261	29,651
General revenues		
Federal and State aid not restricted	6,806	7,085
Property taxes	96,801	98,616
Other general revenues	3,545	9,574
Total revenues	141,955	146,363
Expenses		
Instruction-related	92,665	94,218
Pupil services	13,174	11,935
Administration	7,376	7,077
Plant services	11,269	9,626
All other services	8,964	9,103
Total expenses	133,448	131,959
Change in net position	$ 8,507	$ 14,404

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of District's governmental activities this year was $133.5 million. However, the amount that taxpayers ultimately financed for these activities through local taxes was $96.8 million because the cost was paid by those who benefited from the programs ($0.6 million) or by other governments and organizations who subsidized certain programs with grants and contributions ($34.2 million). The District paid for the remaining "public benefit" portion of its governmental activities with $7 million in Federal and State funds and $4 million with other revenues, like interest and general entitlements. Property taxes paid $92 million.

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	
	2021	2020	2021	2020
Instruction-related	$ 92,665	$ 94,218	$ (68,750)	$ (76,739)
Pupil services	13,174	11,935	(7,853)	(7,825)
Administration	7,376	7,077	(6,451)	(6,363)
Plant services	11,269	9,626	(10,045)	(9,327)
All other services	8,963	9,103	(5,547)	(617)
Total	$ 133,447	$ 131,959	$ (98,646)	$ (100,871)

THE DISTRICT'S FUNDS

As the District completed this year, its governmental funds reported a combined fund balance of $134 million, which is a decrease of $65 million from last year (Table 4).

Table 4

	Balances and Activity			
Governmental Fund	June 30, 2020 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2021
General	$ 16,635,151	$ 114,267,818	$ 106,543,268	$ 24,359,701
Child Development	118,555	5,147,233	5,033,200	232,588
Cafeteria	1,256,630	4,675,242	4,497,054	1,434,818
Deferred Maintenance	112	110,777	110,834	55
Building	138,506,695	(1,012,481)	65,774,114	71,720,100
Capital Facilities	21,313,216	3,739,908	5,790,797	19,262,327
Special Reserve Fund for Capital Outlay Projects	2,145,108	(8,457)	39,362	2,097,289
Bond Interest and Redemption	19,488,537	14,210,906	18,290,475	15,408,968
Total	$ 199,464,004	$ 141,130,946	$ 206,079,104	$ 134,515,846

Below are the primary reasons for the $65 million decrease in the District's combined governmental fund balance compared to the prior year:

1. The Building Fund decreased by $67 million as bond projects funded from proceeds of general obligation bonds are being completed.
2. The General Fund revenues increased by $8.0 million mainly due to the inclusion 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).
3. The approximately $2 million decrease in Capital Facilities fund balance is the net impact of developer fee revenue collections and $5.6 million contributions to the Building Fund for capital outlay projects.
4. The Bond Interest & Redemption Fund decreased by $4 million due to the elimination of one-time bond premiums received in the prior year from the sale/issuance of the 2019 GO obligation bonds.

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 2020. (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 54). Changes between the 2020-21 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 $16.9 million due to the following:

   The significant increase in the General Fund budgeted revenues is primarily due to the receipt of one-time COVID-19 Relief Funding of approximately $14 million for the 2020-21 fiscal year. These additional federal and state resources were not known during the adoption of the 2020-21 budget. These include Learning Loss Mitigation Funds (Elementary & Secondary School Emergency Relief (ESSER), Governor's Emergency Education Relief (GEER) & Coronavirus Relief (CR) Fund), In-Person Instruction Grant, and Expanded Learning Opportunities Grant. In addition, the District's Basic Aid funding from property taxes were conservatively estimated at the beginning of the fiscal year. Actual property tax reports after budget adoption showed higher amounts than projected. The information regarding the increase in property taxes of approximately $3.2 million was not known until the Second Interim period. Revenues from local sources have also increased during the year. 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 $9.5 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, payment of salaries and benefits of teachers who provided in-person instruction during the COVID-19 pandemic, purchases of materials and supplies and costs of contracted services to prevent the spread of coronavirus and protect the health and safety of students and staff.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had $206 million 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	
	2021	2020
Land and construction in progress	$ 125,238,030	$ 68,698,602
Buildings and improvements	78,030,715	66,926,308
Equipment	3,046,118	3,034,682
Total	$ 206,314,863	$ 138,659,592

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 $355 million in long-term liabilities versus $356 million last year, a decrease of $1 million or 0.3%. Long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2021	2020
Long-Term Liabilities		
General obligation bonds	$ 193,328,493	$ 204,034,427
Qualified Zone Academy Bonds	746,506	848,960
Unamortized premiums/(discounts)	13,767,467	14,432,946
Capital leases	1,832,101	2,002,635
Compensated absences	846,044	653,473
Total OPEB liability	36,729,717	32,149,043
Aggregate net pension liability	107,393,163	101,555,689
Total	$ 354,643,491	$ 355,677,173

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 $207 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 8 of the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Enrollment is projected to continue to decline each year. The Redwood City School District has lost over 25% of its enrollment over the last 10 years. The decline in district enrollment is primarily attributable to the large number of students now attending one of the three charter schools and to a lesser extent due to families moving out of the Bay Area due to high housing costs and costly standard of living. The chart below shows the decline in student enrollment from 2010-11 fiscal year to the present:

	Actual Enrollment[1]										
Grade Level	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
TK/K	1,134	1,143	1,056	1,046	1,080	982	930	895	891	840	726
1	1,116	1,103	1,093	957	935	859	851	827	801	760	711
2	1,089	1,106	1,033	1,033	936	881	810	819	825	753	727
3	1,029	1,087	1,095	1,035	1,031	888	828	823	841	822	742
Subtotal K-3	4,368	4,439	4,277	4,071	3,982	3,610	3,419	3,364	3,358	3,175	2,906
4	981	1,019	1,070	1,068	1,026	937	814	814	805	798	784
5	1,014	968	996	1,049	1,036	993	895	795	791	780	771
Subtotal 4-5	1,995	1,987	2,066	2,117	2,062	1,930	1,709	1,609	1,596	1,578	1,555
6	932	1,011	938	934	983	989	926	865	797	798	767
7	919	932	1,001	909	908	964	954	922	858	765	786
8	905	904	928	979	906	917	941	961	912	853	756
Subtotal 6-8	2,756	2,847	2,867	2,822	2,797	2,870	2,821	2,748	2,567	2,416	2,309
Total Enrollment*	**9,119**	**9,273**	**9,210**	**9,010**	**8,841**	**8,410**	**7,949**	**7,720**	**7,521**	**7,169**	**6,770**

Fortunately, beginning in the 2019-20 fiscal year, the Redwood City School District's 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 of $120 per average daily attendance (ADA) or the Minimum State Aid which is the 2012-13 categorical funding level, whichever is higher. For the past five years prior to becoming a Basic Aid district, growth in the assessed value of properties in the Redwood City area has gone up significantly averaging approximately 8.5% increase each year. However, despite the high rate of increase in property values, it was not until the 2019-20 fiscal year that actual property tax collections exceeded the calculated LCFF funding for the district hence its transition into a Basic Aid district.

The District is projected to maintain its Basic Aid funding status through the future years. Due to the potential adverse impact of the COVID-19 pandemic to the local economy and business owners in the area, the district took a conservative approach in its Basic Aid funding projections by using a minimal 2% growth in property taxes for its revenue for the upcoming year.

The District has received 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. Some of the funds were spent in 2020-21. Due to the continuing coronavirus pandemic, the District carefully planned the use of these one-time resources in order to provide sufficient funds to address learning loss for students and the purchase of materials and supplies to sanitize and clean school facilities for the safe return of students and staff on campus.

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 Priscilla Aquino-Dichoso, Chief Business Official, at Redwood City School District, 750 Bradford Street, California, 94063, or e-mail at paquinodichoso@rcsdk8.net.

	Governmental Activities
Assets	
Deposits and investments	$ 141,893,900
Receivables	13,753,878
Prepaid expense	217,646
Stores inventories	25,304
Capital assets not depreciated	125,238,030
Capital assets, net of accumulated depreciation	81,076,833
Total assets	362,205,591
Deferred Outflows of Resources	
Deferred outflows of resources from OPEB	5,932,337
Deferred outflows of resources related to pensions	21,677,585
Total deferred outflows of resources	27,609,922
Liabilities	
Accounts payable	17,769,724
Interest payable	2,804,577
Unearned revenue	3,605,158
Total other postemployment benefits liabilities	36,729,717
Aggregate net pension liabilities	107,393,163
Compensated absences	846,044
Long-term debt	
Due within one year	12,078,467
Due in more than one year	197,596,100
Total liabilities	378,822,950
Deferred Inflows of Resources	
Deferred inflows of resources from OPEB	2,369,560
Deferred inflows of resources from pensions	8,632,565
Total deferred inflows of resources	11,002,125
Net Position	
Net investment in capital assets	68,153,669
Restricted for	
Debt service	12,604,391
Capital projects	19,262,382
Educational programs	6,424,138
Child nutrition programs	1,434,818
Unrestricted	(107,888,960)
Total net position	$ (9,562)

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
Governmental Activities				
Instruction	$ 73,203,579	$ 72,214	$ 19,776,619	$ (53,354,746)
Instruction-related activities				
Supervision of instruction	6,805,446	25,981	1,164,312	(5,615,153)
Instructional library, media, and technology	4,187,684	-	1,764,277	(2,423,407)
School site administration	8,468,191	1,888	1,109,300	(7,357,003)
Pupil services				
Home-to-school transportation	1,544,825	-	100,856	(1,443,969)
Food services	4,743,221	25,240	4,525,058	(192,923)
All other pupil services	6,885,766	11,118	658,862	(6,215,786)
Administration				
Data processing	876,174	-	245,421	(630,753)
All other administration	6,500,028	3,843	676,425	(5,819,760)
Plant services	11,269,043	1,461	1,222,709	(10,044,873)
Community services	1,099,408	14,411	264,343	(820,654)
Interest on long-term liabilities	6,948,452	-	-	(6,948,452)
Other outgo	791,483	385,703	2,752,761	2,346,981
Total governmental activities	$ 133,448,351	$ 541,859	$ 34,260,943	(98,645,549)
General Revenues and Subventions				
Property taxes, levied for general purposes				77,602,957
Property taxes, levied for debt service				14,302,877
Taxes levied for other specific purposes				4,894,743
Federal and State aid not restricted to specific purposes				6,805,799
Interest and investment earnings				1,810,084
Miscellaneous				1,734,487
Subtotal, general revenues and subventions				107,150,947
Change in Net Position				8,505,398
Net Position - Beginning, as restated				(8,514,960)
Net Position - Ending				$ (9,562)

Redwood City School District
Balance Sheet – Governmental Funds
June 30, 2021

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	$ 24,128,506	$ 79,270,077	$ 19,383,412	$ 15,375,176	$ 3,736,729	$ 141,893,900
Receivables	2,935,684	220,677	79,648	33,792	185,776	3,455,577
Due from other funds	462,777	106,690	13,216	-	-	582,683
Due from other governments	9,394,928	-	-	-	903,373	10,298,301
Prepaid expenditures	10,918	206,728	-	-	-	217,646
Stores inventories	25,304	-	-	-	-	25,304
Total assets	$ 36,958,117	$ 79,804,172	$ 19,476,276	$ 15,408,968	$ 4,825,878	$ 156,473,411
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 7,255,288	$ 8,084,072	$ 213,947	$ -	$ 275,342	$ 15,828,649
Due to other funds	106,690	-	2	-	475,991	582,683
Due to other governments	1,941,005	-	-	-	70	1,941,075
Unearned revenue	3,295,433	-	-	-	309,725	3,605,158
Total liabilities	12,598,416	8,084,072	213,949	-	1,061,128	21,957,565
Fund Balances						
Nonspendable	111,222	206,727	-	-	-	317,949
Restricted	6,203,834	71,513,373	19,262,327	15,408,968	1,655,177	114,043,679
Assigned	3,857,330	-	-	-	2,109,573	5,966,903
Unassigned	14,187,315	-	-	-	-	14,187,315
Total fund balances	24,359,701	71,720,100	19,262,327	15,408,968	3,764,750	134,515,846
Total liabilities and fund balances	$ 36,958,117	$ 79,804,172	$ 19,476,276	$ 15,408,968	$ 4,825,878	$ 156,473,411

Total Fund Balance - Governmental Funds		$ 134,515,846
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
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	$ 294,458,501	
Accumulated depreciation is	(88,143,638)	
Net capital assets		206,314,863
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.		(2,804,577)
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)	5,932,337	
Net pension liability	21,677,585	
Total deferred outflows of resources		27,609,922
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)	(2,369,560)	
Net pension liability	(8,632,565)	
Total deferred inflows of resources		(11,002,125)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(107,393,163)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(36,729,717)
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	(207,842,466)	
Capital leases	(1,832,101)	
Compensated absences (vacations)	(846,044)	
Total long-term liabilities		(210,520,611)
Total net position - governmental activities		$ (9,562)

Redwood City School District

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

Year Ended June 30, 2021

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local Control Funding Formula	$ 82,839,650	$ -	$ -	$ -	$ -	$ 82,839,650
Federal sources	10,628,370	-	-	-	4,567,138	15,195,508
Other State sources	13,140,106	-	31	28,829	4,673,457	17,842,423
Proceeds from sale of bonds	-	-	-	113,263	-	113,263
Other local sources	7,659,692	(1,012,481)	3,739,877	14,068,814	573,293	25,029,195
Total revenues	114,267,818	(1,012,481)	3,739,908	14,210,906	9,813,888	141,020,039
Expenditures						
Current						
Instruction	62,180,984	-	-	-	4,236,658	66,417,642
Instruction-related activities						
Supervision of instruction	6,260,004	-	-	-	35,745	6,295,749
Instructional library, media and technology	3,778,958	-	-	-	-	3,778,958
School site administration	7,175,337	-	-	-	474,666	7,650,003
Pupil services						
Home-to-school transportation	1,256,840	-	-	-	-	1,256,840
Food services	40,935	-	-	-	4,401,313	4,442,248
All other pupil services	6,392,082	-	-	-	34,796	6,426,878
Administration						
Data processing	810,141	-	-	-	-	810,141
All other administration	5,727,225	-	816	-	303,076	6,031,117
Plant services	10,574,969	-	40,336	-	154,834	10,770,139
Community services	1,009,930	-	-	-	-	1,009,930
Other outgo	680,576	-	-	-	-	680,576
Capital outlay	196,064	65,774,114	5,638,738	-	39,362	71,648,278
Debt service						
Principal	272,988	-	-	11,325,001	-	11,597,989
Interest and other	61,184	-	-	6,965,474	-	7,026,658
Total expenditures	106,543,268	65,774,114	5,679,890	18,290,475	9,680,450	205,968,197
Excess (Deficiency) of Revenues Over Expenditures	7,724,550	(66,786,595)	(1,939,982)	(4,079,569)	133,438	(64,948,158)
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	110,907	110,907
Transfers out	-	-	(110,907)	-	-	(110,907)
Net Financing Sources (Uses)	-	-	(110,907)	-	110,907	-
Net Change in Fund Balances	7,724,550	(66,786,595)	(2,050,889)	(4,079,569)	244,345	(64,948,158)
Fund Balance - Beginning, as restated	16,635,151	138,506,695	21,313,216	19,488,537	3,520,405	199,464,004
Fund Balance - Ending	$ 24,359,701	$ 71,720,100	$ 19,262,327	$ 15,408,968	$ 3,764,750	$ 134,515,846

See Notes to Financial Statements

Redwood City School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities

Year Ended June 30, 2021

Total Net Change in Fund Balances - Governmental Funds		$ (64,948,158)
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because		
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	$ (4,262,453)	
Capital outlays	71,942,731	
Net expense adjustment		67,680,278
Loss (Gain) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds.		(25,007)
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.		(192,571)
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.		(4,023,045)
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.		(1,549,031)
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.		(619,066)

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	11,325,000
State School Building Loan	102,454
Capital leases	170,534
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.	(81,469)
Change in net position of governmental activities	$ 8,505,398

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 14 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. For Redwood City School District, this includes general operations, food service, and student related activities of 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 major and non-major governmental funds:

Major Governmental Funds

General Fund The General Fund is the chief operating fund for all districts. 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, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
$ 653,473	$ 970,183	$ (777,612)	$ 846,044	$ 846,044

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 10 of the financial statements.

Fund Balances - Governmental Funds

As of June 30, 2021, 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

As of July 1, 2020, the District adopted GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirement of this Statement will enhance consistency and comparability by (1) establishing specific criteria for identifying activities that should be reported as fiduciary activities. Greater consistency and comparability enhances the value provided by the information reported in financial statements for assessing government accountability and stewardship. The impact to the District resulted in a reclassification of the District's student body activities from fiduciary to governmental. The effect of the implementation of this standard on beginning fund balance and net position (deficit) is disclosed in Note 15.

New Accounting Pronouncements

In June 2017, the GASB issued 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 requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021 consisted of the following:

Cash on hand and in banks	$ 146,809
Cash in revolving	75,000
Investments	141,672,091
Total deposits and investments	$ 141,893,900

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 1.73 years in June 30, 2021.

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, 2021.

Note 3 - Receivables and Due from Other Governments

Receivables at June 30, 2021, 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	$ 2,957,668	$ -	$ -	$ -	$ 881,370	$ 3,839,038
State Government						
LCFF apportionment	5,241,903	-	-	-	-	5,241,903
Categorical aid	680,642	-	-	-	22,003	702,645
Lottery	474,720	-	-	-	-	474,720
Local Government						
Interest	82,965	220,677	46,018	33,792	8,217	391,669
Other local sources	2,892,714	-	33,630	-	177,559	3,103,903
Total	$ 12,330,612	$ 220,677	$ 79,648	$ 33,792	$ 1,089,149	$ 13,753,878

All receivables are considered collectible in full.

Note 4 - Capital Assets

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

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	$ 1,441,595	$ -	$ -	$ 1,441,595
Construction in progress	67,257,007	68,405,320	(11,865,892)	123,796,435
Total capital assets not being depreciated	68,698,602	68,405,320	(11,865,892)	125,238,030
Capital assets being depreciated				
Land improvements	14,773,410	-	-	14,773,410
Buildings and improvements	132,750,941	15,117,660	-	147,868,601
Furniture and equipment	7,266,611	285,643	(973,794)	6,578,460
Total capital assets being depreciated	154,790,962	15,403,303	(973,794)	169,220,471
Total capital assets	223,489,564	83,808,623	(12,839,686)	294,458,501
Accumulated depreciation				
Land improvements	(12,363,728)	(633,156)	-	(12,996,884)
Buildings and improvements	(68,234,315)	(3,380,097)	-	(71,614,412)
Furniture and equipment	(4,231,929)	(249,200)	948,787	(3,532,342)
Total accumulated depreciation	(84,829,972)	(4,262,453)	948,787	(88,143,638)
Governmental activities capital assets, net	$ 138,659,592	$ 88,071,076	$ (13,788,473)	$ 206,314,863

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

Governmental Activities	
Instruction	$ 2,464,122
Supervision of instruction	233,575
Instructional library, media, and technology	140,201
School site administration	283,818
Home-to-school transportation	46,629
Food services	164,809
All other pupil services	238,440
Data processing	30,057
All other administration	223,757
Plant services	399,577
Community services	37,469
Total depreciation expenses governmental activities	$ 4,262,453

Note 5 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

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, 2021, between major and non-major governmental funds, are as follows:

	Due From			
Due To	General Fund	Building Fund	Capital Facilities Funds	Total
General Fund	$ -	$ 106,690	$ -	$ 106,690
Capital Facilities Fund	2	-	-	2
Nonmajor Governmental Funds	462,775	-	13,216	475,991
Total	$ 462,777	$ 106,690	$ 13,216	$ 582,683

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 transferred to the deferred maintenance fund of $110,907 for the required maintenance match.

Note 6 - Accounts Payable and Due to Other Governments

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

	General Fund	Building Fund	Capital Facilities Fund	Nonmajor Governmental Funds	Total
Vendor payables	$ 7,805,670	$ 8,083,632	$ 7,047	$ 271,172	$ 16,167,521
Salaries and benefits	1,390,623	440	206,900	4,240	1,602,203
Total	$ 9,196,293	$ 8,084,072	$ 213,947	$ 275,412	$ 17,769,724

Note 7 - Unearned Revenue

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

	General Fund	Nonmajor Governmental Funds	Total
Federal financial assistance	$ 981,240	$ -	$ 981,240
State categorical aid	1,964,459	248,021	2,212,481
Other local	349,734	61,704	411,437
Total	$ 3,295,433	$ 309,725	$ 3,605,158

Note 8 - Long-Term Liabilities Other than OPEB and Pensions

Summary

The changes in the District's long-term liabilities other than OPEB and pensions during the year consisted of the following:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Debt					
General obligation bonds	$ 204,034,427	$ 619,066	$ (11,325,000)	$ 193,328,493	$ 11,140,000
State school building loan	848,960	-	(102,454)	746,506	102,454
Unamortized debt premiums	14,432,946	-	(665,479)	13,767,467	665,479
Capital leases	2,002,635	-	(170,534)	1,832,101	170,534
Total	$ 221,318,968	$ 619,066	$ (12,263,467)	$ 209,674,567	$ 12,078,467

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, the food program repayments and capital leases 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, 2020	Additions	Redemptions	Bonds Outstanding June 30, 2021
8/1/1997	8/1/2022	3.75-6.5%	$ 7,506,203	$ 16,279,427	$ 619,066	$ (5,475,000)	$ 11,423,493
6/14/2012	2/1/2027	3.0-5.0%	18,545,000	15,355,000	-	(1,295,000)	14,060,000
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	61,500,000	-	(4,105,000)	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	8,500,000	-	(450,000)	8,050,000
				$ 204,034,427	$ 619,066	$ (11,325,000)	$ 193,328,493

Debt Service Requirements to Maturity

The bonds mature through 2048 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2022	$ 11,140,000	$ 6,615,411	$ 17,755,411
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
2027-2031	26,160,000	26,743,977	52,903,977
2032-2036	23,765,000	22,680,654	46,445,654
2037-2041	36,250,000	17,338,354	53,588,354
2042-2046	51,110,000	8,734,365	59,844,365
2047-2048	17,830,000	590,900	18,420,900
Subtotal	193,655,000	$ 107,188,389	$ 300,843,389
Remaining Accretion	(326,507)		
	$ 193,328,493		

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
2022	$ 103,481	$ 7,208	$ 110,689
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
2027-2028	218,635	2,743	221,378
Total	$ 746,506	$ 28,317	$ 774,823

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*.

Capital Leases

The District has entered into an agreement to lease equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. The District's liability on lease agreements with options to purchase is summarized below:

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2022	$ 231,824
2023	240,480
2024	249,464
2025	258,789
2026	268,466
2027-2029	798,300
Total	2,047,323
Less amount representing interest	(215,222)
Present value of minimum lease payments	$ 1,832,101

Leased land, buildings, and equipment under capital leases in capital assets at June 30, 2021, include the following:

Buildings	$ 3,312,154
Less accumulated depreciation	(1,159,254)
Total	$ 2,152,900

Note 9 - Fund Balances

Fund balances are composed of the following elements on June 30, 2021:

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
Nonspendable						
Revolving cash	$ 75,000	$ -	$ -	$ -	$ -	$ 75,000
Stores inventories	25,304	-	-	-	-	25,304
Prepaid expenditures	10,918	206,727	-	-	-	217,645
Total nonspendable	111,222	206,727	-	-	-	317,949
Restricted						
Purpose of the grant	6,203,834	-	-	-	220,359	6,424,193
Food service	-	-	-	-	1,434,818	1,434,818
Capital projects	-	71,513,373	19,262,327	-	-	90,775,700
Debt services	-	-	-	15,408,968	-	15,408,968
Total restricted	6,203,834	71,513,373	19,262,327	15,408,968	1,655,177	114,043,679
Assigned						
Carryover of unspent funds	2,066,613	-	-	-	-	2,066,613
Substitute sick leave allocation	35,000	-	-	-	-	35,000
Health care	250,000	-	-	-	-	250,000
Basic aid excess funding	1,505,717	-	-	-	2,109,573	3,615,290
Total assigned	3,857,330	-	-	-	2,109,573	5,966,903
Unassigned						
Reserve for economic uncertainties	10,907,301	-	-	-	-	10,907,301
Remaining unassigned	3,280,014	-	-	-	-	3,280,014
Total unassigned	14,187,315	-	-	-	-	14,187,315
Total	$ 24,359,701	$ 71,720,100	$ 19,262,327	$ 15,408,968	$ 3,764,750	$ 134,515,846

Note 10 - Postemployment Benefits Other Than Pensions (OPEB)

As of June 30, 2021, 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
$ 36,729,717	$ 5,932,337	$ 2,369,560	$ 3,037,618

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 and $136/month for calendar 2021. 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, 2020 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits payments	347
Active employees	705
Total	1,052

Total OPEB Liability

The District's total OPEB liability of $36,729,717 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.00	%
Salary increases	3.00	%, average, including inflation
Investment rate of return	2.45	%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.90	% for 2020

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, 2020	$ 32,149,043
Service cost	1,614,529
Interest	1,038,713
Changes of assumptions or other inputs	3,092,089
Benefit payments	(1,164,657)
Net change in total OPEB liability	4,580,674
Balance, June 30, 2021	$ 36,729,717

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 (1.45%)	$ 42,160,363
Current discount rate (2.45%)	36,729,717
1% increase (3.45%)	32,323,035

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 (3.90%)	$ 31,507,869
Current discount rate (4.90%)	36,729,717
1% increase (5.90%)	43,303,725

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

For the year ended June 30, 2021, the District recognized OPEB expense of $3,037,618. On June 30, 2021, 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	$ 1,258,478	$ -
Differences between expected and actual experience	-	1,432,381
Changes of assumptions	4,673,859	937,179
Total	$ 5,932,337	$ 2,369,560

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
2022	$ 384,376
2023	384,376
2024	384,376
2025	679,497
2026	471,674
Total	$ 2,304,299

Note 11 - 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, 2021, the District contracted with San Mateo County Schools Insurance Group (SMCIG) for property and liability insurance coverage. SMCIG is self-insured retention for up to $250,000 per occurrence. SMCIG purchases coverage for liability insurance from CSAC Excess Insurance Authority (CSAL 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 2021, 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 insures that each participant shares equally in the overall performance of the San Mateo County Schools Insurance Group.

Note 12 - 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, 2021, 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	$ 67,453,872	$ 14,869,205	$ 6,045,717	$ 7,573,530
CalPERS	39,939,291	6,808,380	2,586,848	6,836,029
Total	$ 107,393,163	$ 21,677,585	$ 8,632,565	$ 14,409,559

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, 2019, 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, 2021, are summarized as follows:

	STRP Defined Benefit Program	
Hire date	On or before December 31, 2012	On or after 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	10.328%	10.328%

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, 2021, are presented above and the District's total contributions were $6,536,868.

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

At June 30, 2021, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 67,453,872
State’s proportionate share of the net pension liability	34,772,479
Total	$ 102,226,351

The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.0696% and 0.0694%, resulting in a net increase in the proportionate share of 0.0002%.

For the year ended June 30, 2021, the District recognized pension expense of $7,573,530. In addition, the District recognized pension expense and revenue of $4,871,283 for support provided by the State. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,536,868	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	33,290	4,143,403
Differences between projected and actual earnings on pension plan investments	1,602,315	-
Differences between expected and actual experience in the measurement of the total pension liability	119,025	1,902,314
Changes of assumptions	6,577,707	-
Total	$ 14,869,205	$ 6,045,717

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
2022	$ (977,724)
2023	545,938
2024	1,089,208
2025	944,893
Total	$ 1,602,315

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
2022	$ 239,689
2023	338,648
2024	1,160,793
2025	(630,233)
2026	(410,756)
Thereafter	(13,836)
Total	$ 684,305

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
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, 2020, 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%)	$ 101,913,404
Current discount rate (7.10%)	67,453,872
1% increase (8.10%)	39,002,675

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, 2019 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, 2020, are presented above and the total District contributions were $3,849,646.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $39,939,291. The net pension liability was measured as of June 30, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2020 and June 30, 2019, respectively was 0.1302% and 0.1334%, resulting in a net decrease in the proportionate share of 0.0032%.

For the year ended June 30, 2021, the District recognized pension expense of $6,836,029. At June 30, 2021, 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	$ 3,849,646	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	2,586,848
Differences between projected and actual earnings on pension plan investments	831,409	-
Differences between expected and actual experience in the measurement of the total pension liability	1,980,866	-
Changes of assumptions	146,459	-
Total	$ 6,808,380	$ 2,586,848

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
2022	$ (311,131)
2023	277,518
2024	482,370
2025	382,652
Total	$ 831,409

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
2022	$ 173,055
2023	(263,473)
2024	(334,830)
2025	(34,275)
Total	$ (459,523)

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of June 30, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2019
Measurement date	June 30, 2020
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%)	$ 57,420,013
Current discount rate (7.15%)	39,939,291
1% increase (8.15%)	25,431,168

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ending June 30, 2021 and was in the amount of $3,935,215. The June 30, 2021 rate was 10.328% of the second previous annual compensation. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as state revenues and employer pension expenditures. Accordingly, these amounts have been recorded in these financial statements.

Note 13 - 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, 2021.

Litigation

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

Note 14 - 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, 2021, the District made payments of $2.3 million to SMCSIG JPA for workers' compensation premiums and $1.3 million for dental and vision premiums.

Note 15 - Restatement of Prior Year Net Position and Fund Balance

As of July 1, 2020, the Redwood City School District adopted GASB Statement No. 84, *Fiduciary Activities* (GASB 84). As a result of the implementation of GASB 84, the District has reclassified its associated student body activity previously reported as fiduciary funds to a restricted program within the general fund. The following table describes the effects of the implementation on beginning fund balance/net position.

	General Fund	Total Governmental Funds
Beginning Fund Balance previously reported at July 1, 2020	$ 16,443,849	$ 199,272,702
Reclassification of student activity funds from agency funds to the general fund	191,302	191,302
Fund Balance - Beginning, as Restated July 1, 2020	$ 16,635,151	$ 199,464,004
Governmental Activities		
Beginning Net Position (deficit) previously reported at July 1, 2020		$ (8,706,262)
Reclassification of student activity funds from agency funds to the general fund		191,302
Net Position (deficit) - Beginning, as Restated July 1, 2020		$ (8,514,960)

Required Supplementary Information
June 30, 2021

Redwood City School District

	Budgeted Amounts			Variances - Positive (Negative)
	Original	Final	Actual	Final to Actual
Revenues				
Local Control Funding Formula	$ 79,831,846	$ 83,028,657	$ 82,839,650	$ (189,007)
Federal sources	4,267,858	11,521,709	10,628,370	(893,339)
Other State sources	7,849,073	14,679,909	13,140,106	(1,539,803)
Other local sources	7,573,621	9,561,810	7,659,692	(1,902,118)
Total revenues	99,522,398	118,792,085	114,267,818	(4,524,267)
Expenditures				
Current				
Certificated salaries	41,225,494	42,000,289	41,624,525	375,764
Classified salaries	16,562,258	16,853,498	15,925,674	927,824
Employee benefits	27,354,609	26,972,455	25,945,288	1,027,167
Books and supplies	2,615,852	9,584,176	5,528,994	4,055,182
Services and operating expenditures	16,089,691	17,632,568	16,592,523	1,040,045
Other outgo	618,043	749,429	377,502	371,927
Capital outlay	-	214,590	214,590	-
Debt service				
Debt service - principal	272,988	272,988	272,988	-
Debt service - interest and other	61,184	61,184	61,184	-
Total expenditures	104,800,119	114,341,177	106,543,268	7,797,909
Excess (Deficiency) of Revenues Over Expenditures	(5,277,721)	4,450,908	7,724,550	3,273,642
Other Financing Sources (Uses)				
Transfers in	2,400,000	-	-	-
Net financing sources (uses)	2,400,000	-	-	-
Net Change in Fund Balances	(2,877,721)	4,450,908	7,724,550	3,273,642
Fund Balance - Beginning	16,635,151	16,635,151	16,635,151	-
Fund Balance - Ending	$ 13,757,430	$ 21,086,059	$ 24,359,701	$ 3,273,642

Redwood City School District

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

Year Ended June 30, 2021

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

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability	0.0696%	0.0694%	0.0713%	0.0732%	0.0753%	0.0820%	0.0817%
Proportionate share of the net pension liability	$ 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)	34,772,479	34,195,184	37,520,966	40,027,258	34,684,573	29,190,321	28,827,467
Total	$ 102,226,351	$ 96,873,460	$ 103,054,418	$ 46,793,551	$ 95,611,431	$ 84,382,013	$ 76,567,457
Covered payroll	$ 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	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	72%	73%	71%	69%	70%	74%	77%
Measurement Date	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	0.1302%	0.1334%	0.1402%	0.1469%	0.1501%	0.1482%	0.1455%
Proportionate share of the net pension liability	$ 39,939,291	$ 38,877,413	$ 37,391,485	$ 35,065,496	$ 29,643,117	$ 21,848,267	$ 16,515,190
Covered payroll	$ 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	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	70%	70%	71%	72%	74%	79%	83%
Measurement Date	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.

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	$ 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	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	$ 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	16.15%	17.10%	16.22%	14.43%	12.58%	10.73%	8.88%
CalPERS							
Contractually required contribution	$ 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	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	$ 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	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 not changes in benefit terms since the previous valuation.
- ***Changes of Assumptions*** – The discount rate was changed as of the 2020 measurement date to 2.45 from 3.13 (as of the 2019 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, 2021

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	14326	$ 101,531
Migrant Education State Grant Program - Summer	84.011	10005	5,556
Subtotal			107,087
English Language Acquisition Grants	84.365	15146	19,200
English Language Acquisition Grants	84.365	14346	342,483
Subtotal			361,683
Title I Grants to Local Educational Agencies	84.010	14329	1,269,744
Supporting Effective Instruction State Grant	84.367	14341	320,686
Student Support and Academic Enrichment Program	84.424	15396	113,157
Twenty-First Century Community Learning Centers	84.287	14349	202,920
Special Education Cluster:			
Special Education Grants to States - Basic	84.027	13379	1,576,911
IDEA Local Assistance, Part B, Sec 611, Private School ISP	84.027	10115	108,894
Special Education Preschool Grants	84.173	13430	41,633
Preschool Staff Development	84.173A	13431	1,471
Total Special Education Cluster			1,728,909
COVID-19, Elementary and Secondary School Emergency Relief Fund (ESSER) Fund	84.425D	15536	675,569
COVID-19, Elementary and Secondary School Relief II (ESSER II) Fund	84.425D	15547	83,085
COVID-19, Elementary and Secondary School Emergency Relief III (ESSER III) Fund	84.425U	15559	275,821
COVID-19, Governor's Emergency Education Relief Fund: Learning Loss Mitigation	84.425C	15517	534,073
COVID-19, Child Nutrition: COVID CARES Act Supplemental Meal Reimbursement	84.425	15535	67,845
Total U.S. Department of Education			5,740,579
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13391	1,593,271
School Breakfast Program	10.553	13525	15,228
School Breakfast Program	10.553	13526	1,018,862
National School Lunch Program - Commodity Supplemental Food	10.555	13391	204,133
Total Child Nutrition Cluster			2,831,494
Child and Adult Care Food Program	10.558	13393	1,759,477
Total U.S. Department of Agriculture			4,590,971
U.S. Department of Treasury			
Passed Through California Department of Education			
COVID-19, Coronavirus Relief Fund: Learning Loss Mitigation	21.019	25516	4,684,902
U.S. Department of Health and Human Services			
Passed Through California Department of Education			
COVID-19, Child Development: Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act - One-time Stipend	93.575	15555	112,455
Total Federal Financial Assistance			$ 15,128,907

Organization

The Redwood City School District was established in 1895 and consists of an area comprising approximately 19 square miles. The District operates 14 elementary schools and 2 middle schools. There were no boundary changes during the year.

Governing Board

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

Grade Level	Number of Actual Days: Traditional Calendar	Number of Actual Days: Multitrack Calendar	Number of Days Credited Form J-13A	Total Days Offered	Status
Kindergarten	180	N/A	N/A	180	Complied
Grades 1 - 3					
Grade 1	180	N/A	N/A	180	Complied
Grade 2	180	N/A	N/A	180	Complied
Grade 3	180	N/A	N/A	180	Complied
Grades 4 - 8					
Grade 4	180	N/A	N/A	180	Complied
Grade 5	180	N/A	N/A	180	Complied
Grade 6	180	N/A	N/A	180	Complied
Grade 7	180	N/A	N/A	180	Complied
Grade 8	180	N/A	N/A	180	Complied

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

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds
Fund Balance					
Unaudited Actuals	$ 24,082,415	$ 71,427,882	$ 19,190,873	$ 15,352,290	$ 3,751,013
Fair market value adjustments	87,466	292,218	71,454	56,678	13,737
Student activities	189,820	-	-	-	-
Audited Financial Statements	$ 24,359,701	$ 71,720,100	$ 19,262,327	$ 15,408,968	$ 3,764,750

	(Budget) 2022 [1]	2021	2020	2019
General Fund				
Revenues	$ 119,456,406	$ 114,267,818	$ 106,250,823	$ 102,755,228
Other sources	2,400,000	-	500,000	-
Total revenues and other sources	121,856,406	114,267,818	106,750,823	102,755,228
Expenditures	124,975,688	106,543,268	101,899,016	101,969,710
Other uses and transfers out	-	-	-	4,426
Total expenditures and other uses	124,975,688	106,543,268	101,899,016	101,974,136
Change in Fund Balance	(3,119,282)	7,724,550	4,851,807	781,092
Restatement, new GASB	-	191,302	-	-
Ending Fund Balance	$ 21,240,419	$ 24,359,701	$ 16,443,849	$ 11,592,042
Available Reserves [2]	$ 7,265,404	$ 14,187,315	$ 5,736,789	$ 6,372,221
Available Reserves as a Percentage of Total Outgo	5.81%	13.32%	5.63%	6.25%
Long-Term Commitments				
Debt	$ 197,596,100	$ 209,674,567	$ 221,318,968	$ 163,567,708
Direct district obligations				
Net pension liability	107,393,163	107,393,163	101,555,689	102,924,937
Total OPEB liability	36,729,717	36,729,717	32,149,043	29,739,962
Other	-	846,044	653,473	477,859
Total Long-Term Liabilities	$ 341,718,980	$ 354,643,491	$ 355,677,173	$ 296,710,466
K-12 Average Daily Attendance at P-2	6,523	6,866	6,866	7,251

The General Fund balance has increased by $12,767,659 over the past two years. The fiscal year 2021-2022 budget projects a decrease of $3,119,282. 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). The District anticipates an operating deficit during the 2021-2022 fiscal year. Total long-term liabilities have increased by $57,933,025 over the past two years due mostly to general obligation bonds and pensions. Average daily attendance has decreased by 385 over the past two years.

[1] Budget 2022 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	$ 862,456	$ 756,189	$ 14,936	$ 2,103,148	$ 3,736,729
Receivables	180,050	485	-	5,241	185,776
Due from other governments	-	903,373	-	-	903,373
Total assets	$ 1,042,506	$ 1,660,047	$ 14,936	$ 2,108,389	$ 4,825,878
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 106,640	$ 156,437	$ 1,165	$ 11,100	$ 275,342
Due to other funds	394,518	67,800	13,673	-	475,991
Due to other governments	8	19	43	-	70
Unearned revenue	308,752	973	-	-	309,725
Total liabilities	809,918	225,229	14,881	11,100	1,061,128
Fund Balances					
Restricted	220,304	1,434,818	55	-	1,655,177
Assigned	12,284	-	-	2,097,289	2,109,573
Total fund balances	232,588	1,434,818	55	2,097,289	3,764,750
Total liabilities and fund balances	$ 1,042,506	$ 1,660,047	$ 14,936	$ 2,108,389	$ 4,825,878

Redwood City School District

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

Year Ended June 30, 2021

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Capital Outlay Fund	Total Nonmajor Governmental Funds
Revenues					
Federal sources	$ 112,455	$ 4,454,683	$ -	$ -	$ 4,567,138
Other State sources	4,468,615	204,842	-	-	4,673,457
Other local sources	566,163	15,717	(130)	(8,457)	573,293
Total revenues	5,147,233	4,675,242	(130)	(8,457)	9,813,888
Expenditures					
Current					
Instruction	4,236,658	-	-	-	4,236,658
Instruction-related activities					
Supervision of instruction	35,745	-	-	-	35,745
School site administration	474,666	-	-	-	474,666
Pupil services					
Food services	-	4,401,313	-	-	4,401,313
All other pupil services	34,796	-	-	-	34,796
Administration					
All other administration	207,335	95,741	-	-	303,076
Plant services	44,000	-	110,834	-	154,834
Capital outlay	-	-	-	39,362	39,362
Total expenditures	5,033,200	4,497,054	110,834	39,362	9,680,450
Excess (Deficiency) of Revenues Over Expenditures	114,033	178,188	(110,964)	(47,819)	133,438
Other Financing Sources (Uses)					
Transfers in	-	-	110,907	-	110,907
Net Change in Fund Balances	114,033	178,188	(57)	(47,819)	244,345
Fund Balance - Beginning, as restated	118,555	1,256,630	112	2,145,108	3,520,405
Fund Balance - Ending	$ 232,588	$ 1,434,818	$ 55	$ 2,097,289	$ 3,764,750

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, 2020. 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 Instructional Time

This schedule presents information on the number of instructional days offered by the District and whether the District complied with the provisions of *Education Code* Section 43504.

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, 2021

Redwood City School District

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 Board of Education
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, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Redwood City School District's basic financial statements and have issued our report thereon dated February 17, 2022.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and responses as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Redwood City School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial 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*.

District's Response to Findings

The District's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Menlo Park, California
February 17, 2022

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 Board of Education
Redwood City School District
Redwood City, California

Report on Compliance for Each Major Federal Program

We have audited Redwood City School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Redwood City School District's major federal programs for the year ended June 30, 2021. Redwood City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Redwood City School District's compliance.

Opinion on Each Major Federal Program
In our opinion, Redwood City School District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance
Management of Redwood City School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Redwood City School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Redwood City School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Eide Bailly LLP

Menlo Park, California
February 17, 2022

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report on State Compliance

To the Board of Education
Redwood City School District
Redwood City, California

Report on State Compliance

We have audited the Redwood City School District's (District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

Management's Responsibility

Management is responsible for compliance with the state laws and regulations as identified in the table below.

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on state compliance. However, our audit does not provide a legal determination of the District's compliance.

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 and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
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
K-3 Grade Span Adjustment	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
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, see below
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
Charter School Facility Grant Program	No, see below

The District did not offer an Early Retirement Incentive Program during the current year; therefore, we did not perform procedures related to the Early Retirement Incentive Program.

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

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

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.

The Charter School is independent of the District; therefore, we did not perform any procedures related to charter schools.

Unmodified Opinion
In our opinion, Redwood City School District complied, in all material respects, with the laws and regulations of the state programs referred to above for the year ended June 30, 2021.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Menlo Park, California
February 17, 2022

Schedule of Findings and Questioned Costs
June 30, 2021

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	Yes
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
Title I Grants to Local Educational Agencies, COVID-19, Elementary and Secondary School Emergency Relief Fund (ESSER) Fund/Governor's Emergency Education Relief Fund, COVID-19, Coronavirus Relief Fund, Child and Adult Care Food Program	84.010, 84.425, 21.019, 10.558

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

State Compliance

Type of auditor's report issued on compliance for programs:	Unmodified

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.

Context
The following is a summary of the adjustments that were necessary for the financial statements to be presented per governmental accounting standards:

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Funds
Fund balance, unadjusted	$ 24,082,415	$ 71,427,882	$ 19,190,873	$ 15,352,290	$ 3,751,013
Fair value of investments	87,466	292,218	71,454	56,678	13,737
Student activities funds	189,820	-	-	-	-
Fund balance, adjusted	$ 24,359,701	$ 71,720,100	$ 19,262,327	$ 15,408,968	$ 3,764,750

Effect
Audit adjustments were necessary for the financial statements to be presented per GAAP regarding the student activity funds and the fair value of investments.

Cause
Management personnel responsible for financial accounting and reporting did not consider all applicable accounting standards for governmental entities.

Recommendation
To follow GAAP, these items need only be recorded once during the year-end close. Adjusting the accounting records for the fair value of investments and student activity funds should be included on the District's year-end close checklist.

Repeat Finding
Not applicable

Views of Responsible District Officials
Until the 2021 fiscal year, the associated student body activities were reported in a fiduciary fund. A new GASB requirement became effective this year but the California School Accounting Manual was not updated, which caused the discrepancy in accounting treatment. We will record both the fair value change of investments and the student activity funds per the GASB requirements for the 2022 year.

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

2020-001 GAAP Basis Presentation of Capital Assets
Code 30000

Criteria
Governmental GAAP, as prescribed by GASB Codification Section 1400, Reporting Capital Assets, defines standards for reporting capital assets.

Condition
Significant deficiency in internal control: Adjustments were necessary for a GAAP basis presentation of capital asset balances.

Current Status
Resolved