



Financial Statements
June 30, 2023

Redwood City School District

Independent Auditor’s Report	1
Management’s Discussion and Analysis	5
Government Wide Financial Statements	
Statement of Net Position	15
Statement of Activities.....	16
Government Fund Financial Statements	
Balance Sheet – Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Notes to Financial Statements	22
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	57
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios	58
Schedule of the District’s Proportionate Share of the Net Pension Liability	59
Schedule of the District Pension Contributions	60
Notes to Required Supplementary Information	61
Supplementary Information	
Schedule of Expenditures of Federal Awards	62
Local Education Agency Organization Structure.....	63
Schedule of Average Daily Attendance.....	64
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	66
Schedule of Financial Trends and Analysis	67
Schedule of Charter Schools	68
Combining Schedule Balance Sheets – Nonmajor Governmental Funds	69
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	70
Notes to Supplementary Information.....	71
Independent Auditor’s Reports	
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 <i>Government Auditing Standards</i>	73
Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance Required by the Uniform Guidance	75
Independent Auditor’s Report on State Compliance.....	78
Schedule of Findings and Questioned Costs	
Summary of Auditor’s Results.....	84
Financial Statement Findings	85

Federal Awards Findings and Questioned Costs..... 86
State Compliance Findings and Questioned Costs..... 87
Summary Schedule of Prior Audit Findings..... 92



Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redwood City School District (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, LEA organization structure, schedule of average daily attendance, schedule of instructional time, reconciliation of annual financial and budget report with audited financial statements, schedule of financial trends and analysis, schedule of charter schools, and the combining schedules of nonmajor governmental funds, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, LEA organization structure, schedule of average daily attendance, schedule of instructional time, reconciliation of annual financial and budget report with audited financial statements, schedule of financial trends and analysis, schedule of charter schools, and the combining schedules of nonmajor governmental fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP". The signature is written in black ink and is positioned above the typed name and date.

Menlo Park
December 21, 2023

This section of Redwood City School District's (District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2023, with comparative information for the year ended June 30, 2022. 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 ongoing effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

The District as A Whole

Net Position

The District's net position was a surplus of \$42.7 million for the fiscal year ended June 30, 2023. Of this amount, (\$110.9) million deficit 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)	
	2023	2022
Assets		
Current and other assets	\$ 211,323	\$ 120,002
Capital assets	264,003	254,741
Total assets	475,326	374,743
Deferred outflows of resources	37,580	27,577
Liabilities		
Current liabilities	19,813	20,263
Long-term liabilities	418,423	299,092
Total liabilities	438,236	319,355
Deferred inflows of resources	31,916	62,039
Net Position		
Net investment in capital assets	91,388	88,355
Restricted	62,346	36,784
Unrestricted	(110,980)	(104,212)
Total net position, as restated	\$ 42,754	\$ 20,926

The (\$110.9) million deficit in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and includes \$79 million of net pension liabilities and pension deferrals and \$36 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)	
	2023	2022
Revenues		
Program revenues		
Charges for services	\$ 532	\$ 1,731
Operating grants and contributions	63,112	40,784
General revenues		
Federal and State aid not restricted	6,488	9,408
Property and other taxes	105,299	107,240
Other general revenues	(1,284)	(2,149)
Total revenues	174,147	157,014
Expenses		
Instruction-related	96,083	86,153
Pupil services	20,073	17,019
Administration	8,673	7,873
Plant services	14,513	15,962
All other services	12,978	9,071
Total expenses	152,320	136,078
Change in net position	\$ 21,827	\$ 20,936

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of District's governmental activities this year was \$152.5 million. However, the amount that taxpayers ultimately financed for these activities through local taxes was \$105.3 million because the cost was paid by those who benefited from the programs (\$0.5 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$63.1 million). The District paid for the remaining "public benefit" portion of its governmental activities with a combination of Federal, State, and local other revenues, such as property taxes, and general entitlements. The District received \$105.3 million in property and other taxes for the year, as compared to \$107.2 million the prior year.

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

Table 3 (In thousands of dollars)

	Total Cost of Services		Net Cost of Services	
	2023	2022	2023	2022
Instruction-related	\$ 96,084	\$ 86,153	\$ (63,370)	\$ (63,586)
Pupil services	20,073	17,019	(8,694)	(6,969)
Administration	8,673	7,873	(7,586)	(6,777)
Plant services	14,513	15,962	(13,910)	(15,198)
All other services	12,977	9,071	4,884	(1,032)
Total	\$ 152,320	\$ 136,078	\$ (88,676)	\$ (93,562)

The District's Funds

As the District completed this year, its governmental funds reported a combined fund balance of \$181.6 million, which is an increase of \$94.3 million from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2022 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2023
General fund	\$ 25,291,327	\$ 141,567,600	\$ 132,108,981	\$ 34,749,946
Building fund	18,600,231	88,380,330	16,609,854	90,370,707
Capital facilities fund	23,382,407	4,824,307	147,086	28,059,628
Bond interest and redemption fund	15,313,039	20,197,011	18,117,412	17,392,638
Nonmajor governmental funds	4,742,321	17,589,963	11,280,718	11,051,566
Total	\$ 87,329,325	\$ 272,559,211	\$ 178,264,051	\$ 181,624,485

Below are the primary reasons for the \$94.3 million increase in the District's combined governmental fund balance compared to the prior year:

1. The Building Fund had a net increase by \$72 million after the sale of "Series A" 2022 Measure S General 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 2023. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 58). Changes between the 2022-23 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 \$15 million due to the following:

The significant increase in the General Fund budgeted revenues is primarily due to the recognition of one-time COVID-19 Relief Funding for the 2022-23 year. These additional federal and state resources were carryover funds from previous year. These include Learning Loss Mitigation Funds (Elementary & Secondary School Emergency Relief (ESSER), and Expanded Learning Opportunities Grant. In addition, new grants unknown during Budget Adoption were included: Expanded Learning Opportunities Program and Education Effectiveness Block Grant.

Revenues from local sources have also changed during the year based on new commitments from donors. Due to the increase in overall General Fund revenues, the projected interfund transfer of \$2.7 million was removed from the budget as it is no longer necessary.

- b) Budgeted expenditures increased by \$1 million due to the following:

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

Capital Assets

At June 30, 2023, the District had \$9.3 million increase in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount is consistent to the amount last year (Table 5).

Table 5

	Governmental Activities	
	2023	2022
Land and construction in progress	\$ 99,670,690	\$ 137,150,367
Buildings and improvements	161,728,879	114,735,635
Equipment	2,602,944	2,855,313
Total	\$ 264,002,513	\$ 254,741,315

We present more detailed information about our capital assets in Note 5 to the financial statements.

Long-Term Liabilities

At the end of this year, the District had \$418 million in long-term liabilities versus \$299 million last year, an increase of \$119 million or 39.9%. Long-term liabilities are illustrated in the following table:

Table 6

	Governmental Activities	
	2023	2022
Long-Term Liabilities		
General obligation bonds	\$ 260,775,000	\$ 182,515,000
Qualified Zone Academy Bonds	538,506	643,025
Unamortized premium	20,747,264	13,101,988
Financed purchase	1,450,761	1,648,372
Compensated absences	693,881	890,437
Total OPEB liability	33,150,527	40,111,774
Aggregate net pension liability	101,066,585	60,181,616
Total	\$ 418,422,524	\$ 299,092,212

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 \$282 million is below the statutorily imposed limit.

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

Economic Factors and Next Year's Budgets and Rates

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

1. **Real Estate Market:** The value of properties within the district can significantly impact the amount of funding we receive. A decline in property values can lead to decreased property tax revenues, which can reduce our funding.
2. **State Funding Cuts:** Although RCSD, as a Basic Aid district, receives most of our funding from local property taxes, we still receive some funding from the state. If California faces budget issues, it may reduce the amount of funding allocated to Basic Aid school districts which would impact our budget.
3. **Inflation:** Inflation can lead to increases in the costs of obtaining goods and services.

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

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

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

Contacting the District's Financial Management

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

Redwood City School District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Deposits and investments	\$ 185,462,199
Receivables	11,867,413
Prepaid expense	335,930
Stores inventories	19,865
Lease receivables	13,637,418
Capital assets not depreciated	99,670,690
Capital assets, net of accumulated depreciation	164,331,823
Total assets	475,325,338
Deferred Outflows of Resources	
OPEB related	5,331,645
Pension related	32,248,273
Total deferred outflows of resources	37,579,918
Liabilities	
Accounts payable	13,403,591
Interest payable	2,949,994
Unearned revenue	3,459,629
Total other postemployment benefits liabilities	33,150,527
Aggregate net pension liabilities	101,066,585
Compensated absences	693,881
Long-term debt	
Due within one year	6,130,440
Due in more than one year	277,381,091
Total liabilities	438,235,738
Deferred Inflows of Resources	
Lease related	12,835,120
OPEB related	8,511,804
Pension related	10,568,809
Total deferred inflows of resources	31,915,733
Net Position	
Net investment in capital assets	\$91,387,089
Restricted for	
Capital projects	33,361,067
Educational programs	24,992,505
Child nutrition programs	3,992,915
Unrestricted deficit	(110,979,791)
Total net position	\$ 42,753,785

Redwood City School District
Statement of Activities
Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Charges for</u> <u>Services and</u> <u>Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Revenues and</u> <u>Changes in</u> <u>Net Position</u> <u>Governmental</u> <u>Activities</u> <u>Total</u>
Governmental Activities				
Instruction	\$ 78,550,560	\$ 72,399	\$ 25,846,449	\$ (52,631,712)
Instruction-related activities				
Supervision of instruction	6,856,326	11,147	5,769,922	(1,075,257)
Instructional library, media, and technology	2,197,889	-	19,511	(2,178,378)
School site administration	8,477,778	4,402	989,396	(7,483,980)
Pupil services				
Home-to-school transportation	1,434,306	-	5,058	(1,429,248)
Food services	5,672,930	1,545	6,677,469	1,006,084
All other pupil services	12,965,422	12,850	4,681,737	(8,270,835)
Administration				
Data processing	795,972	1,613	43,643	(750,716)
All other administration	7,877,077	1,410	1,040,803	(6,834,864)
Plant services	14,513,044	648	602,429	(13,909,967)
Ancillary services	374,033	-	336,289	(37,744)
Community services	5,960,360	11,071	5,885,533	(63,756)
Interest	6,476,472	-	-	(6,476,472)
Other outgo	167,526	414,422	11,214,185	11,461,081
Total governmental activities	<u>\$ 152,319,695</u>	<u>\$ 531,507</u>	<u>\$ 63,112,424</u>	<u>(88,675,764)</u>
General revenues				
Property taxes, levied for general purposes				88,117,156
Property taxes, levied for debt service				11,346,843
Taxes levied for other specific purposes				5,835,017
Federal and State aid not restricted to specific purposes				6,488,351
Interest and investment earnings				(1,284,428)
Total general revenues				<u>110,502,939</u>
Change in Net Position				21,827,175
Net Position - Beginning				<u>20,926,610</u>
Net Position - Ending				<u>\$ 42,753,785</u>

Redwood City School District
Balance Sheet – Governmental Funds
June 30, 2023

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	\$ 37,293,684	\$ 91,617,601	\$ 27,819,413	\$ 17,331,409	\$ 11,400,092	\$ 185,462,199
Accounts receivable	1,078,151	72,430	239,035	61,229	134,964	1,585,809
Due from other funds	1,638,111	67	1,292	-	-	1,639,470
Due from other governments	8,721,228	-	-	-	1,560,376	10,281,604
Prepaid expenditures	184,556	150,627	-	-	747	335,930
Stores inventories	19,865	-	-	-	-	19,865
Leases receivable	13,637,418	-	-	-	-	13,637,418
Total assets	\$ 62,573,013	\$ 91,840,725	\$ 28,059,740	\$ 17,392,638	\$ 13,096,179	\$ 212,962,295
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 9,140,429	\$ 1,468,758	\$ -	\$ -	\$ 323,795	\$ 10,932,982
Due to other funds	67	1,260	112	-	1,638,031	1,639,470
Due to other governments	2,469,923	-	-	-	686	2,470,609
Unearned revenue	3,377,528	-	-	-	82,101	3,459,629
Total liabilities	14,987,947	1,470,018	112	-	2,044,613	18,502,690
Deferred Inflows of Resources						
Leases related	\$ 12,835,120	-	-	-	-	12,835,120
Total deferred inflows of resources	12,835,120	-	-	-	-	12,835,120
Fund Balances						
Nonspendable	1,079,669	150,627	-	-	747	1,231,043
Restricted	23,857,908	90,220,080	28,875,740	17,392,638	9,390,975	169,737,341
Assigned	3,961,781	-	-	-	1,774,543	5,736,324
Unassigned	5,850,588	-	(816,112)	-	(114,699)	4,919,777
Total fund balances	34,749,946	90,370,707	28,059,628	17,392,638	11,051,566	181,624,485
Total liabilities and fund balances	\$ 49,737,893	\$ 91,840,725	\$ 28,059,740	\$ 17,392,638	\$ 13,096,179	\$ 212,962,295

Redwood City School District
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
 June 30, 2023

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

Total fund balance - governmental funds		\$ 181,624,485
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	\$ 363,439,183	
Accumulated depreciation is	<u>(99,436,670)</u>	
Net capital assets		264,002,513
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.		
		(2,949,994)
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)	5,331,645	
Net pension liability	<u>32,248,273</u>	
Total deferred outflows of resources		37,579,918
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)	(8,511,804)	
Net pension liability	<u>(10,568,809)</u>	
Total deferred inflows of resources		(19,080,613)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(101,066,585)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(33,150,527)
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	(283,511,531)	
Compensated absences (vacations)	<u>(693,881)</u>	
Total long-term liabilities		<u>(284,205,412)</u>
Total net position - governmental activities		<u>\$ 42,753,785</u>

Redwood City School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2023

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local Control Funding Formula	\$ 91,634,265	\$ -	\$ -	\$ -	\$ -	\$ 91,634,265
Federal sources	11,166,604	-	-	-	4,760,713	15,927,317
Other State sources	28,812,542	12,421	-	26,007	12,293,690	41,144,660
Proceeds from sale of bonds	-	-	-	-	-	-
Other local sources	9,954,189	(1,632,091)	4,824,307	11,424,420	415,003	24,985,828
Total revenues	<u>141,567,600</u>	<u>(1,619,670)</u>	<u>4,824,307</u>	<u>11,450,427</u>	<u>17,469,406</u>	<u>173,692,070</u>
Expenditures						
Current						
Instruction	74,076,898	-	-	-	4,620,668	78,697,566
Instruction-related activities						
Supervision of instruction	6,730,231	-	-	-	14,842	6,745,073
Instructional library, media and technology	2,323,015	-	-	-	-	2,323,015
School site administration	8,084,507	-	-	-	504,384	8,588,891
Pupil services						
Home-to-school transportation	1,718,976	-	-	-	-	1,718,976
Food services	119,156	-	-	-	5,358,729	5,477,885
All other pupil services	12,609,764	-	-	-	-	12,609,764
Administration						
Data processing	767,386	-	-	-	-	767,386
All other administration	7,164,905	-	-	-	504,652	7,669,557
Plant services	11,892,497	-	26,529	-	164,692	12,083,718
Ancillary services	354,583	-	-	-	-	354,583
Community services	5,748,368	-	-	-	-	5,748,368
Other outgo	167,526	-	-	-	-	167,526
Capital outlay	-	16,155,054	-	-	112,751	16,267,805
Debt service						
Principal	302,130	-	-	11,740,000	-	12,042,130
Interest and other	49,039	454,800	-	6,377,412	-	6,881,251
Total expenditures	<u>132,108,981</u>	<u>16,609,854</u>	<u>26,529</u>	<u>18,117,412</u>	<u>11,280,718</u>	<u>178,143,494</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>9,458,619</u>	<u>(18,229,524)</u>	<u>4,797,778</u>	<u>(6,666,985)</u>	<u>6,188,688</u>	<u>(4,451,424)</u>
Other Financing Sources (Uses)						
Transfers in	-	-	-	-	120,557	120,557
Proceeds from sale of bonds	-	90,000,000	-	8,746,584	-	98,746,584
Transfers out	-	-	(120,557)	-	-	(120,557)
Total Other Financing Sources (Uses)	<u>-</u>	<u>90,000,000</u>	<u>(120,557)</u>	<u>8,746,584</u>	<u>120,557</u>	<u>98,746,584</u>
Net Change in Fund Balances	9,458,619	71,770,476	4,677,221	2,079,599	6,309,245	94,295,160
Fund Balance - Beginning	25,291,327	18,600,231	23,382,407	15,313,039	4,742,321	87,329,325
Fund Balance - Ending	<u>\$ 34,749,946</u>	<u>\$ 90,370,707</u>	<u>\$ 28,059,628</u>	<u>\$ 17,392,638</u>	<u>\$ 11,051,566</u>	<u>\$ 181,624,485</u>

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, 2023

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

Total Net Change in Fund Balances - Governmental Funds \$ 94,295,160

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	\$ (6,963,554)	
Capital outlays	<u>16,272,836</u>	
Net expense adjustment		9,309,282

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. 196,556

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. 4,787,904

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. (868,768)

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, 2023

<p>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.</p>	(90,000,000)
<p>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.</p>	
Premium amortization	1,101,308
<p>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.</p>	
General obligation bonds	11,740,000
State School Building Loan	104,519
Capital leases	197,611
<p>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.</p>	
	<u>(241,730)</u>
Change in net position of governmental activities	<u>\$ 21,827,175</u>

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

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

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

General Fund The General Fund is the chief operating fund for the District. It is used to account for the ordinary operations of the District. All transactions except those accounted for in another fund are accounted for in this fund.

Building Fund The Building Fund exists primarily to account separately for proceeds from the sale of bonds (*Education Code* Section 15146) and may not be used for any purposes other than those for which the bonds were issued.

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

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

Nonmajor Governmental Funds

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

- **Child Development Fund** The Child Development Fund is used to account separately for Federal, State, and local revenues to operate child development programs and is to be used only for expenditures for the operation of child development programs.
- **Cafeteria Fund** The Cafeteria Fund is used to account separately for Federal, State, and local resources to operate the food service program (*Education Code* Sections 38090-38093) and is used only for those expenditures authorized by the governing board as necessary for the operation of the District's food service program (*Education Code* Sections 38091 and 38100).
- **Deferred Maintenance Fund** The Deferred Maintenance Fund is used to account separately for revenues that are restricted or committed for deferred maintenance purposes (*Education Code* Section 17582).

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

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

Basis of Accounting - Measurement Focus

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

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

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

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

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

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter, to be used to pay liabilities of the current fiscal year. The District considers revenues to be available if they are collected within one year after year-end, except for property taxes, which are considered available if collected within 60 days. The following revenue sources are considered to be both measurable and available at fiscal year-end: State apportionments, interest, certain grants, and other local sources.

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

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

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

Investments

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets and Depreciation/Amortization

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, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
\$ 890,437	\$ 486,065	\$ (682,621)	\$ 693,881	\$ 693,881

Accrued Liabilities and Long-Term Liabilities

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost. The total OPEB liability attributable to the governmental activities will be paid primarily by the general fund.

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

Postemployment Benefits Other Than Pensions (OPEB)

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

Leases and Subscription Based Information Technology Arrangements (SBITA)

As lessor: The District is a lessor for four noncancellable facilities leases of District property. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements. At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease/subscription receipts/payments to present value, (2) lease/subscription term, and (3) lease receipts. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee. The District monitors changes in circumstances that would require a remeasurement of its lease/subscription and will remeasure the lease/subscription if certain changes occur that are expected to significantly affect the amount of the lease/subscription.

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

Fund Balances - Governmental Funds

As of June 30, 2023, 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.

Effects of New Pronouncements

As of July 1, 2022, the District implemented the following GASB Statement:

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objectives of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Implementation did not result in a material change to the District’s financial statements.

The District is currently analyzing its accounting practices to determine the potential impact on the financial statements for the following GASB statements:

GASB Statement No. 99 – In April 2022, GASB Issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Certain requirements of this statement have been implemented as of June 30, 2022. The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100 – In June 2022, GASB Issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. The objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 and all reporting periods thereafter.

GASB Statement No. 101 – In June 2022, GASB Issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of the financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

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

Cash on hand and in banks	\$ 301,059
Revolving cash	72,950
Investments with the San Mateo County Treasury Pool	<u>185,088,190</u>
Total deposits and investments	<u><u>\$ 185,462,199</u></u>

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 1.65 years in June 30, 2023.

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, 2023.

Note 3 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value. Investment in the county treasury investment pool is not measured using the input levels because the participant's transactions are uncategorized. All contributions and redemptions are transacted at fair value measurements.

Note 4 - Receivables

Receivables at June 30, 2023, 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	\$ 4,188,082	\$ -	\$ -	\$ -	\$ 1,277,997	\$ 5,466,079
State Government						
LCFF apportionment	333,967	-	-	-	-	333,967
Categorical aid	3,508,597	-	-	-	246,535	3,755,132
Lottery	386,127	-	-	-	-	386,127
Local Government						
Interest	338,345	72,430	210,362	61,229	34,809	717,175
Other local sources	1,044,261	-	28,673	-	135,999	1,208,933
Total	\$ 9,799,379	\$ 72,430	\$ 239,035	\$ 61,229	\$ 1,695,340	\$ 11,867,413

Note 5 - Capital Assets

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,441,595	\$ -	\$ -	\$ 1,441,595
Construction in progress	135,708,772	12,071,382	(49,551,059)	98,229,095
Total capital assets not being depreciated	137,150,367	12,071,382	(49,551,059)	99,670,690
Capital assets being depreciated				
Land improvements	15,060,696	-	-	15,060,696
Buildings and improvements	189,038,120	53,752,513	-	242,790,633
Furniture and equipment	6,613,045	-	(695,881)	5,917,164
Total capital assets being depreciated	210,711,861	53,752,513	(695,881)	263,768,493
Total capital assets	347,862,228	65,823,895	(50,246,940)	363,439,183
Accumulated depreciation				
Land improvements	(10,766,518)	(466,369)	-	(11,232,887)
Buildings and improvements	(78,596,664)	(6,292,899)	-	(84,889,563)
Furniture and equipment	(3,757,732)	(204,286)	647,798	(3,314,220)
Total accumulated depreciation	(93,120,914)	(6,963,554)	647,798	(99,436,670)
Governmental activities capital assets, net	\$ 440,983,142	\$ 72,787,449	\$ (50,894,738)	\$ 264,002,513

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

Governmental Activities	
Instruction	\$ 3,838,048
Supervision of instruction	328,954
Instructional library, media, and technology	113,292
School site administration	418,877
Home-to-school transportation	83,834
Food services	267,154
All other pupil services	614,973
Ancillary Services	17,293
Data processing	37,425
All other administration	374,041
Plant services	589,318
Community services	280,345
Total depreciation expenses governmental activities	\$ 6,963,554

Note 6 - Interfund Transactions

Interfund Receivables and Payables

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2023, between major and non-major governmental funds, are as follows:

Due To	Due From			Total
	General Fund	Building Fund	Capital Facilities Funds	
General Fund	\$ -	\$ 67	\$ -	\$ 67
Capital Facilities Fund	112	-	-	112
Building Fund	-	-	1,260	1,260
Nonmajor Governmental Funds	1,637,999	-	32	1,638,031
Total	<u>\$ 1,638,111</u>	<u>\$ 67</u>	<u>\$ 1,292</u>	<u>\$ 1,639,470</u>

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

Operating Transfers

Interfund transfers consisted of the capital facilities fund transferring to the deferred maintenance fund \$120,557 for the required maintenance match.

Note 7 - Accounts Payable

Accounts payable at June 30, 2023, consisted of the following:

	General Fund	Building Fund	Nonmajor Governmental Funds	Total
Vendor payables	10,420,961	\$ 1,467,334	\$ 227,365	\$ 12,115,660
Salaries and benefits	1,189,391	1,424	97,116	1,287,931
Total	\$ 11,610,352	\$ 1,468,758	\$ 324,481	\$ 13,403,591

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2023, consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Federal sources	\$ 429,385	\$ -	\$ 429,385
State sources	824,938	-	824,938
Local sources	2,123,205	82,101	2,205,306
Total	\$ 3,377,528	\$ 82,101	\$ 3,459,629

Note 9 - Lease Receivables as Lessor

The District is leasing four of its buildings to third parties under noncancellable lease agreements. The leases agreements expire during fiscal years 2025 through 2031 and the District is currently receiving annual payments of \$2.2 million. The District recognized \$2.3 million in lease revenue and \$317 thousand in interest revenue during the current fiscal year related to the leases. As of June 30, 2023, the District’s receivable for lease payments was \$13.6 million and was calculated using a discount rate range of 2.06% to 2.47%. Also, the District has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$12.8 million. Final receipt is expected in fiscal year 2031.

Regulated Leases

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

Note 10 - Long-Term Debt

Summary

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023	Due in One Year
General obligation bonds	\$ 182,515,000	\$ 90,000,000	\$ (11,740,000)	\$ 260,775,000	\$ 4,900,000
State school building loan	643,025	-	(104,519)	538,506	105,553
Unamortized debt premiums	13,101,988	8,746,584	(1,101,308)	20,747,264	912,675
Finance purchase	1,648,372	-	(197,611)	1,450,761	212,212
Total	\$ 197,908,385	\$ 98,746,584	\$ (13,143,438)	\$ 283,511,531	\$ 6,130,440

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

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2022	Additions	Redemptions	Bonds Outstanding June 30, 2023
8/1/1997	8/1/2022	3.75-6.5%	\$ 7,506,203	\$ 6,025,000	\$ -	\$ (6,025,000)	\$ -
6/14/2012	2/1/2027	3.0-5.0%	18,545,000	12,605,000	-	(1,625,000)	10,980,000
8/24/2016	8/1/2046	2.0-4.0%	60,000,000	44,900,000	-	-	44,900,000
3/1/2018	8/1/2040	4.0-5.0%	67,000,000	57,395,000	-	-	57,395,000
10/16/2019	8/1/2041	2.625-4.0%	41,500,000	41,500,000	-	-	41,500,000
10/16/2019	8/1/2029	1.817-2.384%	16,000,000	16,000,000	-	-	16,000,000
10/16/2019	8/1/2022	3.0-4.0%	8,500,000	4,090,000	-	(4,090,000)	-
8/1/2023	8/1/2052	5.00%	90,000,000	-	90,000,000	-	90,000,000
				<u>\$ 182,515,000</u>	<u>\$ 90,000,000</u>	<u>\$ (11,740,000)</u>	<u>\$ 260,775,000</u>

Debt Service Requirements to Maturity

The bonds mature through 2053 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	\$ 13,645,000	\$ 8,846,707	\$ 22,491,707
2025	14,305,000	10,319,832	24,624,832
2026	11,760,000	9,718,403	21,478,403
2027	8,755,000	9,168,885	17,923,885
2028	4,305,000	8,776,726	13,081,726
2029-2033	22,885,000	41,557,353	64,442,353
2034-2038	34,830,000	36,362,179	71,192,179
2039-2043	54,660,000	28,243,395	82,903,395
2044-2048	70,625,000	14,484,588	85,109,588
2049-2053	25,005,000	4,010,000	29,015,000
Total	<u>\$ 260,775,000</u>	<u>\$ 171,488,066</u>	<u>\$ 432,263,066</u>

Series 2023 Bonds

The District received authorization to issue bonds of the District in an aggregate principal amount not to exceed \$298,000,000 to provide funds to finance the specific school facilities projects set forth in the ballot measure approved by the District's voters at an election held on November 8, 2022, and pay certain costs of issuance of bonds. The Series 2023 bonds are the first series of bonds issued pursuant to the authorization obtained above. The Series 2023 bonds mature through fiscal year 2053 and have an interest of 5.00%.

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:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2024	\$ 105,553	\$ 5,136	\$ 110,689
2025	106,625	4,064	110,689
2026	107,694	2,995	110,689
2027	108,773	1,916	110,689
2028	109,861	827	110,688
Total	\$ 538,506	\$ 14,938	\$ 553,444

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

Finance Purchase

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 212,212	\$ 37,252
2025	227,564	31,224
2026	243,702	24,765
2027	260,660	17,851
2028	278,476	10,460
2029	228,147	2,706
Total	1,450,761	\$ 124,258

Note 11 - Fund Balances

Fund balances are composed of the following elements on June 30, 2023:

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
Nonspendable						
Leases	\$ 802,298	\$ -	\$ -	\$ -	\$ -	\$ 802,298
Revolving cash	72,950	-	-	-	-	72,950
Stores inventories	19,865	-	-	-	-	19,865
Prepaid expenditures	184,556	150,627	-	-	747	335,930
Total nonspendable	<u>1,079,669</u>	<u>150,627</u>	<u>-</u>	<u>-</u>	<u>747</u>	<u>1,231,043</u>
Restricted						
Purpose of the grant	23,678,474	-	-	-	1,134,597	24,813,071
Food service	-	-	-	-	3,992,915	3,992,915
Capital projects	-	90,220,080	28,875,740	-	4,263,463	123,359,283
Debt services	-	-	-	17,392,638	-	17,392,638
Student body activities	179,434	-	-	-	-	179,434
Total restricted	<u>23,857,908</u>	<u>90,220,080</u>	<u>28,875,740</u>	<u>17,392,638</u>	<u>9,390,975</u>	<u>169,737,341</u>
Assigned						
Carryover of unspent funds	3,676,781	-	-	-	-	3,676,781
Health care	285,000	-	-	-	-	285,000
Capital outlay	-	-	-	-	1,774,543	1,774,543
Total assigned	<u>3,961,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,774,543</u>	<u>5,736,324</u>
Unassigned						
Reserve for economic uncertainties	5,850,588	-	-	-	-	5,850,588
Remaining unassigned	-	-	(816,112)	-	(114,699)	(930,811)
Total unassigned	<u>5,850,588</u>	<u>-</u>	<u>(816,112)</u>	<u>-</u>	<u>(114,699)</u>	<u>4,919,777</u>
Total	<u>\$ 34,749,946</u>	<u>\$ 90,370,707</u>	<u>\$ 28,059,628</u>	<u>\$ 17,392,638</u>	<u>\$ 11,051,566</u>	<u>\$ 181,624,485</u>

Note 12 - Postemployment Benefits Other Than Pensions (OPEB)

As of June 30, 2023, 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
\$ 33,150,527	\$ 5,331,645	\$ 8,511,804	\$ 2,290,976

General Information About the OPEB Plan

Plan Description

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

Benefits Provided

The District contributes to PEMHCA on behalf of each retiree eligible for PEMHCA. The contribution was \$149/month for calendar 2023. 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, 2022 measurement date, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The District's total OPEB liability of \$33,150,527 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs

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

Inflation	2.75	%
Salary increases	3.00	%, average, including inflation
Discount rate	3.69	%
Investment rate of return	3.69	%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	4.00	% for 2021-2023, 5.20% for 2024-2069, 4.00% for 2070 and later; Medicare ages: 4.00% for all years.

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

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2022	\$ 40,111,774
Service cost	2,278,218
Interest	800,947
Changes of assumptions or other inputs	(8,685,929)
Benefit payments	(1,354,483)
Net change in total OPEB liability	(6,961,247)
Balance, June 30, 2023	\$ 33,150,527

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 (2.69%)	\$ 37,660,724
Current discount rate (3.69%)	33,150,527
1% increase (4.69%)	29,448,687

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 (3.00%)	\$ 28,742,222
Current trend rate (4.00%)	33,150,527
1% increase (5.00%)	38,624,665

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$868,768. On June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,422,208	\$ -
Differences between expected and actual experience	-	961,137
Changes of assumptions	3,909,437	7,550,667
Total	\$ 5,331,645	\$ 8,511,804

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
2024	\$ (788,189)
2025	(493,068)
2026	(700,891)
2027	(1,172,565)
2028	(1,447,654)
Total	\$ (4,602,367)

Note 13 - Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2023, the District contracted with San Mateo County Schools Insurance Group (SMCSIG) for property and liability insurance coverage. SMCSIG is self-insured retention for up to \$250,000 per occurrence. SMCSIG purchases coverage for liability insurance from CSAC Excess Insurance Authority (CSAC EIA) for claims in excess of \$250,000 and up to \$5 million. In addition, excess liability coverage is provided through Schools Excess Liability Fund (SELF) for claims in excess of \$5 million and up to \$55 million.

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

Workers' Compensation

For fiscal year 2023, 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 then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the San Mateo County Schools Insurance Group.

Note 14 - Employee Retirement Systems

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

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

For the fiscal year ended June 30, 2023, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

<u>Pension Plan</u>	<u>Net Pension Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Pension Expense</u>
CalSTRS	\$ 51,512,324	\$ 13,326,739	\$ 8,691,371	\$ 3,269,367
CalPERS	49,554,261	18,921,534	1,877,438	6,462,777
Total	<u>\$ 101,066,585</u>	<u>\$ 32,248,273</u>	<u>\$ 10,568,809</u>	<u>\$ 9,732,144</u>

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, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: <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, 2023, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2023, are presented above and the District's total contributions were \$8,492,615.

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

At June 30, 2023, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 51,512,324
State's proportionate share of the net pension liability	25,797,171
Total	\$ 77,309,495

The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.0741% and 0.0744%, resulting in a net decrease in the proportionate share of 0.0003%.

For the year ended June 30, 2023, the District recognized pension expense of \$3,269,367. In addition, the District recognized pension expense and revenue of \$2,080,525 for support provided by the State. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 8,492,615	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,237,232	2,309,968
Differences between projected and actual earnings on pension plan investments	-	2,519,053
Differences between expected and actual experience in the measurement of the total pension liability	42,256	3,862,350
Changes of assumptions	<u>2,554,636</u>	<u>-</u>
Total	<u>\$ 13,326,739</u>	<u>\$ 8,691,371</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows 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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2024	\$ (1,850,431)
2025	(2,004,629)
2026	(3,011,360)
2027	<u>4,347,367</u>
Total	<u>\$ (2,519,053)</u>

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
2024	\$ 1,039,843
2025	(884,566)
2026	(663,912)
2027	(255,142)
2028	(241,928)
Thereafter	(332,489)
Total	<u>\$ (1,338,194)</u>

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
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, 2022, 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%)	\$ 87,487,033
Current discount rate (7.10%)	51,512,324
1% increase (8.10%)	21,642,501

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, 2021 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)	
	On or before December 31, 2012	On or after January 1, 2013
Hire date		
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	25.37%	25.37%

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, 2022, are presented above and the total District contributions were \$6,027,433.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$6,462,777. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.1440% and 0.1294%, resulting in a net increase in the proportionate share of 0.0146%.

For the year ended June 30, 2023, the District recognized pension expense of \$6,462,777. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred of Resources
Pension contributions subsequent to measurement date	\$ 6,027,433	
Change in proportion and differences between contributions made and District's proportionate share of contributions	3,153,391	644,464
Differences between projected and actual earnings on pension plan investments	5,851,011	-
Differences between expected and actual experience in the measurement of the total pension liability	223,957	1,232,974
Changes of assumptions	3,665,742	-
Total	\$ 18,921,534	\$ 1,877,438

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
2024	\$ 975,762
2025	865,434
2026	442,075
2027	3,567,740
Total	\$ 5,851,011

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
2024	\$ 1,546,022
2025	1,791,619
2026	1,764,578
2027	63,433
Total	\$ 5,165,652

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

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
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:

<u>Asset Class</u>	<u>Assumed Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%

Discount Rate

The discount rate used to measure the total pension liability was 6.90%. 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 (5.90%)	\$ 71,583,639
Current discount rate (6.90%)	49,554,261
1% increase (7.90%)	31,347,790

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. The state contribution for fiscal year ending June 30, 2022 was \$4,138,399. The CalSTRS on behalf contribution is reported in the general fund as state revenue and pension expenditure.

Note 15 - Commitments and Contingencies

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

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, 2023.

Construction Commitments

As of June 30, 2023, the District has commitments for capital construction projects totaling approximately \$2.9 million.

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

The District is a member of the San Mateo County Schools Insurance Group (SMCSIG) joint powers authority (JPA). The District pays an annual premium to the applicable entity for its dental, vision, workers' compensation, and property liability coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes. SMCSIG has budgeting and financial reporting requirements of member units and its financial statements are not presented in these financial statements; however, transactions between SMCSIG and the District are included in these statements. Audited financial statements are available from the entity. During the year ended June 30, 2023, the District made payments of \$2.24 million to SMCSIG JPA for workers' compensation premiums and \$1.24 million for dental and vision premiums.



Required Supplementary Information
June 30, 2023

Redwood City School District

Redwood City School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 86,563,854	\$ 91,634,264	\$ 91,634,265	\$ 1
Federal sources	8,423,023	11,286,294	11,166,604	(119,690)
Other State sources	23,586,460	28,812,542	28,812,542	-
Other local sources	7,679,138	9,153,666	9,954,189	800,523
Total revenues	<u>126,252,475</u>	<u>140,886,766</u>	<u>141,567,600</u>	<u>680,834</u>
Expenditures				
Current				
Certificated salaries	44,961,201	46,417,465	46,417,465	-
Classified salaries	21,374,821	21,623,819	20,716,107	907,712
Employee benefits	32,880,002	32,546,099	31,234,636	1,311,463
Books and supplies	3,183,220	4,743,956	3,451,026	1,292,930
Services and operating expenditures	28,490,532	31,099,939	29,938,260	1,161,679
Other outgo	(51,823)	31,001	(27,688)	58,689
Capital outlay	-	28,006	28,006	-
Debt service				
Debt service - principal	302,130	302,130	302,130	-
Debt service - interest and other	49,039	49,039	49,039	-
Total expenditures	<u>131,189,122</u>	<u>136,841,454</u>	<u>132,108,981</u>	<u>4,732,473</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,936,647)</u>	<u>4,045,312</u>	<u>9,458,619</u>	<u>5,413,307</u>
Net Change in Fund Balances	(4,936,647)	4,045,312	9,458,619	5,413,307
Fund Balance - Beginning, as restated	<u>25,291,327</u>	<u>25,291,327</u>	<u>25,291,327</u>	-
Fund Balance - Ending	<u>\$ 20,354,680</u>	<u>\$ 29,336,639</u>	<u>\$ 34,749,946</u>	<u>\$ 5,413,307</u>

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

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 2,278,218	\$ 2,055,090	\$ 1,614,529	\$ 1,365,799	\$ 1,814,207	\$ 1,759,146
Interest	800,947	934,905	1,038,713	1,106,615	923,085	876,477
Difference between expected and actual experience	-	(394,964)	-	(2,166,935)	-	-
Changes of assumptions	(8,685,929)	2,045,504	3,092,089	3,185,779	(1,874,358)	-
Benefit payments	(1,354,483)	(1,258,478)	(1,164,657)	(1,082,177)	(1,219,608)	(1,074,610)
Net change in total OPEB liability	(6,961,247)	3,382,057	4,580,674	2,409,081	(356,674)	1,561,013
Total OPEB Liability - Beginning	40,111,774	36,729,717	32,149,043	29,739,962	30,096,636	28,535,623
Total OPEB Liability - Ending	<u>\$ 33,150,527</u>	<u>\$ 40,111,774</u>	<u>\$ 36,729,717</u>	<u>\$ 32,149,043</u>	<u>\$ 29,739,962</u>	<u>\$ 30,096,636</u>
Covered-Employee Payroll	<u>\$ 63,078,073</u>	<u>\$ 54,444,090</u>	<u>\$ 55,221,208</u>	<u>\$ 56,498,439</u>	<u>\$ 55,703,225</u>	<u>\$ 57,506,254</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>53%</u>	<u>74%</u>	<u>67%</u>	<u>57%</u>	<u>53%</u>	<u>52%</u>
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

Redwood City School District
Schedule of the District's Proportionate Share of the Net Pension Liability
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS									
Proportion of the net pension liability	0.0741%	0.0744%	0.0696%	0.0694%	0.0713%	0.0732%	0.0753%	0.0820%	0.0817%
Proportionate share of the net pension liability	\$ 51,512,324	\$ 33,870,775	\$ 67,453,872	\$ 62,678,276	\$ 65,533,452	\$ 6,766,293	\$ 60,926,858	\$ 55,191,692	\$ 47,739,990
State's proportionate share of the net pension liability (asset)	25,797,171	17,042,460	34,772,479	34,195,184	37,520,966	40,027,258	34,684,573	29,190,321	28,827,467
Total	\$ 77,309,495	\$ 50,913,235	\$ 102,226,351	\$ 96,873,460	\$ 103,054,418	\$ 46,793,551	\$ 95,611,431	\$ 84,382,013	\$ 76,567,457
Covered payroll	\$ 43,498,061	\$ 40,475,963	\$ 37,987,386	\$ 37,893,326	\$ 37,157,034	\$ 38,775,429	\$ 37,541,855	\$ 37,677,883	\$ -
Proportionate share of the net pension liability as a percentage of its covered payroll	118.42%	83.68%	177.57%	165.41%	176.37%	17.45%	162.29%	146.48%	130.22%
Plan fiduciary net position as a percentage of the total pension liability	81%	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS									
Proportion of the net pension liability	0.1440%	0.1294%	0.1302%	0.1334%	0.1402%	0.1469%	0.1501%	0.1482%	0.1455%
Proportionate share of the net pension liability	\$ 49,554,261	\$ 26,310,841	\$ 39,939,291	\$ 38,877,413	\$ 37,391,485	\$ 35,065,496	\$ 29,643,117	\$ 21,848,267	\$ 16,515,190
Covered payroll	\$ 22,672,095	\$ 18,597,324	\$ 18,847,224	\$ 18,605,113	\$ 18,546,191	\$ 18,730,825	\$ 18,006,500	\$ 16,302,064	\$ -
Proportionate share of the net pension liability as a percentage of its covered payroll	218.57%	141.48%	211.91%	208.96%	201.61%	187.21%	164.62%	134.02%	109.00%
Plan fiduciary net position as a percentage of the total pension liability	70%	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

Redwood City School District
Schedule of the District Pension Contributions
Year Ended June 30, 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS									
Contractually required contribution	\$ 8,492,615	\$ 7,359,872	\$ 6,536,868	\$ 6,495,843	\$ 6,146,112	\$ 5,361,760	\$ 4,877,949	\$ 4,028,241	\$ 3,345,796
Less contributions in relation to the contractually required contribution	<u>8,492,615</u>	<u>7,359,872</u>	<u>6,536,868</u>	<u>6,495,843</u>	<u>6,146,112</u>	<u>5,361,760</u>	<u>4,877,949</u>	<u>4,028,241</u>	<u>3,345,796</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 44,463,953</u>	<u>\$ 43,498,061</u>	<u>\$ 40,475,963</u>	<u>\$ 37,987,386</u>	<u>\$ 37,893,326</u>	<u>\$ 37,157,034</u>	<u>\$ 38,775,429</u>	<u>\$ 37,541,855</u>	<u>\$ 37,677,883</u>
Contributions as a percentage of covered payroll	<u>19.10%</u>	<u>16.92%</u>	<u>16.15%</u>	<u>17.10%</u>	<u>16.22%</u>	<u>14.43%</u>	<u>12.58%</u>	<u>10.73%</u>	<u>8.88%</u>
CalPERS									
Contractually required contribution	\$ 6,027,433	\$ 5,194,177	\$3,849,646	\$ 3,716,861	\$ 3,348,741	\$ 2,880,409	\$ 2,601,337	\$ 2,133,230	\$ 1,918,916
Less contributions in relation to the contractually required contribution	<u>6,027,433</u>	<u>5,194,177</u>	<u>3,849,646</u>	<u>3,716,861</u>	<u>3,348,741</u>	<u>2,880,409</u>	<u>2,601,337</u>	<u>2,133,230</u>	<u>1,918,916</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	<u>\$ 23,758,112</u>	<u>\$ 22,672,095</u>	<u>\$ 18,597,324</u>	<u>\$ 18,847,224</u>	<u>\$ 18,605,113</u>	<u>\$ 18,546,191</u>	<u>\$ 18,730,825</u>	<u>\$ 18,006,500</u>	<u>\$ 16,302,064</u>
Contributions as a percentage of covered payroll	<u>25.37%</u>	<u>22.91%</u>	<u>20.70%</u>	<u>19.72%</u>	<u>18.00%</u>	<u>15.53%</u>	<u>13.89%</u>	<u>11.85%</u>	<u>11.77%</u>

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

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule

This schedule presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations. Budget is adopted on a basis consistent with Generally Accepted Accounting Principles.

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

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

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

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

- **Changes in Benefit Terms** – There were no changes in benefit terms since the previous valuation.
- **Changes of Assumptions** – The discount rate was changed as of the 2022 measurement date to 3.69 from 1.92 (as of the 2021 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, 2023

Redwood City School District

Redwood City School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Migrant Education State Grant Program	84.011	14838	\$ 104,746
Migrant Education State Grant Program - Summer	84.011	10005	8,609
Subtotal			<u>113,355</u>
English Language Acquisition Grants	84.365	15146	44,024
English Language Acquisition Grants	84.365	14346	299,661
Subtotal			<u>343,685</u>
Title I Grants to Local Educational Agencies	84.010	14329	1,163,317
Education for Homeless Children and Youth	84.196	14332	7,408
Supporting Effective Instruction State Grant	84.367	14341	170,921
Student Support and Academic Enrichment Program	84.424	15396	435,366
Twenty-First Century Community Learning Centers	84.287	14349	75,900
Special Education Cluster:			
Special Education—Grants to States (IDEA, Part B)	84.027	13379	1,372,461
Special Education—Grants to States (IDEA, Part B)	84.027	10115	98,033
Special Education—Grants to States (IDEA, Part B)	84.027	15638	299,177
Special Education—Grants to States (IDEA, Part B)	84.027	10169	16,744
Special Education—Grants to States (IDEA, Part B)	84.027	15197	73,695
Subtotal			<u>1,860,110</u>
Special Education—Preschool Grants (IDEA Preschool)	84.173	13430	31,866
Special Education—Preschool Grants (IDEA Preschool)	84.173	15639	53,130
Special Education—Preschool Grants (IDEA Preschool)	84.173	13431	639
Subtotal			<u>85,635</u>
Total Special Education Cluster			<u>1,945,745</u>
Education Stabilization Fund			
COVID-19, Governor’s Emergency Education Relief Fund	84.425C	15619	161,642
COVID-19, Elementary and Secondary School Emergency Relief Fund	84.425D	15536	21,735
COVID-19, Elementary and Secondary School Emergency Relief Fund	84.425D	15547	693,196
COVID-19, Elementary and Secondary School Emergency Relief Fund	84.425D	15618	212,853
Subtotal			<u>927,784</u>
COVID-19, American Rescue Plan—Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	15559	4,151,076
COVID-19, American Rescue Plan—Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	10155	821,324
COVID-19, American Rescue Plan—Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	15620	150,790
COVID-19, American Rescue Plan—Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	15621	564,510
COVID-19, American Rescue Plan—Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	15636	128,231
COVID-19, American Rescue Plan—Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	15566	5,550
Subtotal			<u>5,821,481</u>
Total Education Stabilization Fund			<u>6,749,265</u>
Total U.S. Department of Education			<u>11,166,604</u>
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster:			
National School Lunch Program	10.555	13391	2,897,364
National School Lunch Program, commodities	10.555	n/a	14,875
Child Nutrition: Supply Chain Assistance (SCA) Funds	10.555	13755	411,661
Total Child Nutrition Cluster			<u>3,323,900</u>
Child and Adult Care Food Program	10.558	13393	753,919
Pandemic EBT Administrative Costs	10.649	15644	3,063
Total U.S. Department of Agriculture			<u>4,080,882</u>
U.S. Department of Health and Human Services			
Passed Through California Department of Education			
Child Development: ARP California State Preschool Program - Rate Supplements	93.575	15641	694,706
Total Federal Financial Assistance			<u>\$ 15,942,192</u>

Organization

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

Governing Board

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Cecilia I. Marquez	President	2026
Janet Lawson	Vice President	2024
Mike Wells	Clerk	2024
Alisa MacAvoy	Member	2024
David Weekly	Member	2026

Administration

<u>Name</u>	<u>Title</u>
John R. Baker, Ed. D.	Superintendent
Wendy Kelly	Deputy Superintendent
Elizabeth Wolfe	Assistant Superintendent of Ed Services
Rick Edson	Chief Business Official

Redwood City School District
Schedule of Average Daily Attendance
Year Ended June 30, 2023

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Transitional kindergarten through third	2,460.98	2,475.87
Fourth through sixth	1,980.33	1,986.22
Seventh and eighth	<u>1,340.64</u>	<u>1,341.57</u>
Total Regular ADA	<u>5,781.95</u>	<u>5,803.66</u>
Extended Year Special Education		
Transitional kindergarten through third	4.12	4.12
Fourth through sixth	3.71	3.71
Seventh and eighth	<u>2.13</u>	<u>2.13</u>
Total Extended Year Special Education	<u>9.96</u>	<u>9.96</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	5.51	5.48
Fourth through sixth	5.79	5.77
Seventh and eighth	<u>4.28</u>	<u>3.98</u>
Total Special Education, Nonpublic, Nonsectarian Schools	<u>15.58</u>	<u>15.23</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.10	0.10
Fourth through sixth	0.36	0.36
Seventh and eighth	<u>0.27</u>	<u>0.27</u>
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>0.73</u>	<u>0.73</u>
Total ADA	<u><u>5,808.22</u></u>	<u><u>5,829.58</u></u>

Redwood City School District
 Schedule of Instructional Time
 Year Ended June 30, 2023

Grade Level	1986-1987 Minutes Requirement	2022-2023 Actual Minutes	Number of Actual Days		Status
			Traditional Calendar	Total Days Offered	
Kindergarten	36,000	43,305	180	N/A	Complied
Grades 1 - 3					
Grade 1	50,400	50,585	180	N/A	Complied
Grade 2	50,400	50,585	180	N/A	Complied
Grade 3	50,400	50,585	180	N/A	Complied
Grades 4 - 8					
Grade 4	50,400	54,005	180	N/A	Complied
Grade 5	50,400	54,005	180	N/A	Complied
Grade 6	50,400	54,005	180	N/A	Complied
Grade 7	50,400	54,005	180	N/A	Complied
Grade 8	50,400	54,005	180	N/A	Complied

The District did not file J-13A during FY2022-23.

Redwood City School District
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
Year Ended June 30, 2023

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

	<u>General Fund</u>
Fund balance, June 30, 2023 per unaudited actuals	\$ 33,947,648
Recognize lease receivables per GASB 87	13,637,418
Recognize deferred inflows from leases per GASB 87	<u>(12,835,120)</u>
Fund balance, June 30, 2023 per GAAP basis financial statements	<u>\$ 34,749,946</u>

Redwood City School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2023

	(Budget) 2024 ¹	2023	2022	2021
General Fund				
Revenues	\$ 117,606,857	\$ 141,567,600	\$123,029,146	\$114,267,818
Other sources	14,300,000	-	-	-
Total revenues and other sources	<u>131,906,857</u>	<u>141,567,600</u>	<u>123,029,146</u>	<u>114,267,818</u>
Expenditures	141,996,236	132,108,981	122,097,520	106,543,268
Total expenditures and other uses	<u>141,996,236</u>	<u>132,108,981</u>	<u>122,097,520</u>	<u>106,543,268</u>
Change in Fund Balance	(10,089,379)	9,458,619	931,626	7,724,550
Restatement, new GASB	-	-	-	191,302
Ending Fund Balance	<u>\$ 24,660,567</u>	<u>\$ 34,749,946</u>	<u>\$ 25,291,327</u>	<u>\$ 24,359,701</u>
Available Reserves ²	<u>\$ 7,145,658</u>	<u>\$ 5,850,588</u>	<u>\$ 10,369,047</u>	<u>\$ 5,736,789</u>
Available Reserves as a Percentage of Total Outgo	<u>5.03%</u>	<u>4.43%</u>	<u>8.49%</u>	<u>13.32%</u>
Long-Term Commitments				
Debt	\$ 277,381,091	\$ 283,511,531	\$197,908,385	\$209,674,567
Direct district obligations				
Net pension liability	101,066,585	101,066,585	60,181,616	107,393,163
Total OPEB liability	33,150,527	33,150,527	40,111,774	36,729,717
Other	-	693,881	890,437	846,044
Total Long-Term Liabilities	<u>\$ 411,598,203</u>	<u>\$ 418,422,524</u>	<u>\$ 299,092,212</u>	<u>\$ 354,643,491</u>
K-12 Average Daily Attendance at P-2	<u>5,779</u>	<u>5,808</u>	<u>5,912</u>	<u>6,866</u>

The general fund balance has increased by \$10,390,245 over the past two years. The fiscal year 2023-2024 budget projects an operating deficit of \$10,089,379. For a district this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo). Total long-term liabilities have increased by \$63,779,033 over the past two years due mostly to general obligation bonds and pensions. Average daily attendance has decreased by 1,058 over the past two years.

¹ Budget 2024 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.

Redwood City School District
Schedule of Charter Schools
Year Ended June 30, 2023

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

Redwood City School District
Combining Schedule Balance Sheets – Nonmajor Governmental Funds
June 30, 2023

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Special Reserve Capital Outlay Fund	Total Nonmajor Governmental Funds
Assets						
Deposits and investments	\$ 2,188,550	\$ 3,170,654	\$ 1,762	\$ 4,256,675	\$ 1,782,451	\$ 11,400,092
Receivables	114,964	20,000	-	-	-	134,964
Due from other governments	259,596	1,279,744	28	6,788	14,220	1,560,376
Prepaid expenditures	-	747	-	-	-	747
Total assets	\$ 2,563,110	\$ 4,471,145	\$ 1,790	\$ 4,263,463	\$ 1,796,671	\$ 13,096,179
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 123,841	\$ 177,831	\$ (5)	\$ -	\$ 22,128	\$ 323,795
Due to other funds	1,245,509	390,734	1,788	-	-	1,638,031
Due to other governments	30	649	7	-	-	686
Unearned revenue	81,128	973	-	-	-	82,101
Total liabilities	1,450,508	570,187	1,790	-	22,128	2,044,613
Fund Balances						
Nonspendable	-	747	-	-	-	747
Restricted	1,134,597	3,992,915	-	4,263,463	-	9,390,975
Assigned	-	-	-	-	1,774,543	1,774,543
Unassigned	(21,995)	(92,704)	-	-	-	(114,699)
Total fund balances	1,112,602	3,900,958	-	4,263,463	1,774,543	11,051,566
Total liabilities and fund balances	\$ 2,563,110	\$ 4,471,145	\$ 1,790	\$ 4,263,463	\$ 1,796,671	\$ 13,096,179

Redwood City School District

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds
Year Ended June 30, 2023

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Special Reserve Capital Outlay Fund	Total Nonmajor Governmental Funds
Revenues						
Federal sources	\$ 694,706	\$ 4,066,007	\$ -	\$ -	\$ -	\$ 4,760,713
Other State sources	5,118,367	2,794,879	-	4,380,444	-	12,293,690
Other local sources	482,939	2,189	79	(116,981)	46,777	415,003
Total revenues	6,296,012	6,863,075	79	4,263,463	46,777	17,469,406
Expenditures						
Current						
Instruction	4,620,668	-	-	-	-	4,620,668
Instruction-related activities						
Supervision of instruction	14,842	-	-	-	-	14,842
School site administration	504,384	-	-	-	-	504,384
Pupil services						
Food services	-	5,358,729	-	-	-	5,358,729
Administration						
All other administration	352,932	151,720	-	-	-	504,652
Plant services	44,000	-	120,692	-	-	164,692
Capital outlay	-	-	-	-	112,751	112,751
Total expenditures	5,536,826	5,510,449	120,692	-	112,751	11,280,718
Excess (Deficiency) of Revenues Over Expenditures	759,186	1,352,626	(120,613)	4,263,463	(65,974)	6,188,688
Other Financing Sources						
Transfers in	-	-	120,557	-	-	120,557
Net Financing Sources	-	-	120,557	-	-	120,557
Net Change in Fund Balances	759,186	1,352,626	(56)	4,263,463	(65,974)	6,309,245
Fund Balance - Beginning	353,416	2,548,332	56	-	1,840,517	4,742,321
Fund Balance - Ending	\$ 1,112,602	\$ 3,900,958	\$ -	\$ 4,263,463	\$ 1,774,543	\$ 11,051,566

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of presentation

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

Summary of Significant Accounting Policies

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

Indirect Cost Rate

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

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

This schedule provides the information necessary to reconcile the fund balance of all funds reported on the Unaudited Actual Financial Report to the audited financial statements.

Schedule of Financial Trends and Analysis

This schedule discloses the District's financial trends by displaying past years' data along with current year budget information. These financial trend disclosures are used to evaluate the District's ability to continue as a going concern for a reasonable period of time.

Schedule of Charter Schools

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

Schedules of Combining Nonmajor Funds

The Nonmajor Governmental Funds Combining Balance Sheet and Combining Statement of 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, 2023

Redwood City School District



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Redwood City School District (District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated December 21, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

A handwritten signature in cursive script that reads "Eide Sully LLP".

Menlo Park, California
December 21, 2023



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Redwood City School District’s (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of District’s major federal programs for the year ended June 30, 2023. District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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



Menlo Park, California
December 21, 2023



Independent Auditor's Report on State Compliance

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

Report on State Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Redwood City School District's (District) compliance with the requirements specified in the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2023.

Qualified Opinion on Ratio of Administrative Employees to Teachers, School Accountability Report Card, Classroom Teacher Salaries, Home to School Transportation Reimbursement, and After School Safety and Education Services

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2023, except as described in the accompanying schedule of findings and questioned costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matters Giving Rise to Qualified Opinion on Ratio of Administrative Employees to Teachers, School Accountability Report Card, Classroom Teacher Salaries, Home to School Transportation Reimbursement, and After School Safety and Education Services

As described in the accompanying schedule of findings and questioned costs as items 2023-001 through 2023-005, the District did not comply with requirements regarding Ratio of Administrative Employees to Teachers, School Accountability Report Card, Classroom Teacher Salaries, Home to School Transportation Reimbursement, and After School Safety and Education Services.

Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No, see below
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes

2022-2023 K-12 Audit Guide Procedures	Procedures Performed
Local Control and Accountability Plan	Yes
Independent Study - Course Based	No, see below
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	No, see below
Career Technical Education Incentive Grant	No, see below
Transitional Kindergarten	Yes
Charter Schools	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instructional Minutes - Classroom Based	No, see below
Charter School Facility Grant Program	No, see below
Independent Study	
We did not perform Independent Study procedures because no independent study ADA was claimed.	
Continuation Education	
We did not perform Continuation Education procedures because the program is not offered by the District.	
Early Retirement Incentive	
The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.	
Juvenile Court Schools	
We did not perform Juvenile Court Schools procedures because the program is not offered by the District.	
Middle or Early College High Schools	
We did not perform Middle or Early College High Schools procedures because the program is not offered by the District.	
Apprenticeship: Related and Supplemental Instruction	
We did not perform Apprenticeship: Related and Supplemental Instruction procedures because the program is not offered by the District.	
District of Choice	
The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.	
Home to School Transportation Reimbursement	
The District did not receive Home-to-School Transportation Reimbursement; therefore, we did not perform procedures related to Home-to-School Transportation Reimbursement.	

Independent Study - Course Based

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

Expanded Learning Opportunities Grant (ELO-G)

We did not perform Expanded Learning Opportunities Grant procedures because the District did not incur expenditures for the program.

Career Technical Education Incentive Grant

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

Charter Schools

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying schedule of findings and questioned costs as items 2023-001 through 2023-005.

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

Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-001, 2023-002, 2023-004, and 2023-005 to be material weaknesses.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

The image shows a handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Menlo Park, California



Schedule of Findings and Questioned Costs
June 30, 2023

Redwood City School District

Financial Statements

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

Federal Awards

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

Identification of major programs

Name of Federal Program or Cluster	Federal Financial Assistance Listing Number
COVID-19, Education Stabilization Fund	84.425C, 84.425D, 84.425U
Special Education Cluster (IDEA)	84.027, 84.173
Dollar threshold used to distinguish between type A and type B programs	\$ 750,000
Auditee qualified as low-risk auditee?	Yes

State Compliance

Internal control over state compliance program	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None Reported

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

Unmodified for all programs except for the following programs which were qualified

Name of Program
Ratio of Administrative Employees to Teachers
School Accountability Report Card
Classroom Teacher Salaries
Home to School Transportation Reimbursement
After School Education and Safety

None reported.

None reported.

The following findings represent instances of noncompliance and material weaknesses including questioned costs that are required to be reported by the *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance
61000	Classroom Teacher Salaries
72000	School Accountability Report Card

2023-001 Noncompliance, material weakness in internal control, Ratio of Administrative Employees to Teachers
Code 40000

Criteria

Education Code section 41402 specified the number of administrative employees per hundred teachers, which for Redwood City School District is .09.

Condition

The District exceeded the maximum allowable administrative employees per hundred teachers.

Questioned Costs

The questioned costs are \$58,426, the derived value of 3 excess administrators FTE times the state-funded share of the administrator.

Context

The number of excess administrative employees is three. The associated penalty, as outlined in Education Code section 41404, is \$58,426.

Effect

The District did not comply with the applicable State compliance requirements for the Ratio of Administrative Employees to Teachers.

Cause and Recommendation

We recommend that the District consider the requirements of Education Code Section 41402 when budgeting and planning for District operations and consider any implications of needing to meet the requirement or requesting a waiver when not completed.

Views of Responsible Officials/Corrective Action Plan

The District agrees with the auditor's recommendation and will implement policies and procedures during the fiscal year 2023-24 to address the causes of the condition noted.

Identification as a Repeat Finding

This finding was not reported in the previous year's audit.

**2023-002 Noncompliance, material weakness in internal control, School Accountability Report Card
Code 40000, 72000**

Criteria

The District must publish a School Accountability Report Card for each site and include all information regarding school facilities as reported in the interim evaluation instrument developed by the Office of Public School Construction (FIT).

Condition

The detailed facilities rating information needs to be added to the SARC.

Questioned Costs

There is no questioned cost associated with this condition.

Context

We sampled three sites, and this condition applies to one of them.

Effect

The District did not comply with the requirements noted in the Criteria paragraph.

Cause and Recommendation

We recommend that future years of SARC are reviewed for completeness before publication.

Views of Responsible Officials/Corrective Action Plan

The District agrees with the auditor's recommendation and will implement policies and procedures during the fiscal year 2023-24 to address the causes of the condition noted.

Identification as a Repeat Finding

This finding was not reported in the previous year's audit.

2023-003 Noncompliance, Classroom Teacher Salaries
Code 40000, 61000

Criteria

EDC §41372 indicates that there shall be expenses during each fiscal year for payment of salaries of classroom teachers for an elementary school district 60 percent of the District's current expense of education.

Condition

The district's current education expense for the year 2023 was 56.23%.

Questioned Costs

The current education expense is \$107,235,074 times the percentage short of 3.47%, which equals a \$3,721,057 deficit.

Context

The District spent 56.53% of its expenditures on the current education expense but was required to pay 60%, creating a shortage of 3.47%. The District has a pending waiver on file with the CDE, and management of the District believes that the District meets the criteria for approval based on "serious hardship to the school district."

Effect

The District does not comply with Education Code Section 41372, requiring a minimum threshold of expenditures on education costs for classrooms.

Cause and Recommendation

We recommend that the District consider the requirements of Education Code Section 41372 when budgeting and planning for District operations and consider any implications of needing to meet the requirement or requesting a waiver when not completed.

Views of Responsible Officials/Corrective Action Plan

Due to severe financial hardship, the District has filed a request with the San Mateo County Office of Education (SMCOE) to waive the minimum classroom compensation requirement.

Identification as a Repeat Finding

This finding was not reported in the previous year's audit.

2023-004 Noncompliance, material weakness in internal control, Home to School Transportation Reimbursement
Code 40000

Criteria

The District was to develop and adopt a plan by April 1, 2023, under Education Code section 39800.1(a), describing the transportation services it will offer its pupils and how it will prioritize planned transportation services (Plan).

Condition

The District did not adopt a Plan before April 1, 2023.

Questioned Costs

The District received \$536,480 under the Home to School Transportation Grant.

Context

The Plan was adopted on April 19, 2023. Management of the District informed us that the Plan was not adopted before the April 1, 2023, statutory deadline because information from the California Department of Education (CDE) was not solidified until after March 2023 for this new program. We verified that the noncompliance was limited to the Plan's adoption date and that the grant accounting treatment was consistent with governmental accounting standards.

Effect

The District was not eligible to use funds as granted by the state.

Cause and Recommendation

We recommend that the District be cognizant of the statutory deadline for future fiscal years.

Views of Responsible Officials/Corrective Action Plan

The District agrees with the auditor's recommendation and will implement policies and procedures during the fiscal year 2023-24 to address the causes of the condition noted.

Identification as a Repeat Finding

This finding was not reported in the previous year's audit.

**2023-005 Noncompliance, material weakness in internal control, After School Education and Safety
Program Attendance Reporting
Code 40000**

Criteria

The District evidences student participation in the after-school program by reporting attendance to the California Department of Education. The daily attendance is recorded for all the students attending the after-school program on each school day the program operates.

Condition

We identified discrepancies in the attendance reported for participation.

Questioned Costs

There are no questioned cost associated with this condition.

Context

The number of student days provided in the test month for the sampled school was 13,768, and the number reported to the CDE was 8,084. The difference is 5,684 or 41 percent.

Effect

Errors may exist in the after-school attendance reported to the CDE.

Cause and Recommendation

The Differences may be due to the multiple funding sources for the District's afterschool programs with various reporting requirements. If so, we recommend that management explain fieldwork so that the explanation may be audited.

Views of Responsible Officials/Corrective Action Plan

The District agrees with the auditor's recommendation and will implement policies and procedures during the fiscal year 2023-24 to address the causes of the condition noted.

Identification as a Repeat Finding

This finding was not reported in the previous year's audit.

None reported.