



Financial Statements
June 30, 2020

Redwood City School District

Independent Auditor’s Report	1
Management’s Discussion and Analysis	4
Government Wide Financial Statements	
Statement of Net Position	12
Statement of Activities.....	13
Government Fund Financial Statements	
Balance Sheet – Governmental Funds	14
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	17
Statement of Net Position – Fiduciary Funds	19
Notes to Financial Statements	20
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	60
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios	61
Schedule of the District’s Proportionate Share of the Net Pension Liability	62
Schedule of the District Pension Contributions	63
Note to Required Supplementary Information.....	64
Supplementary Information	
Schedule of Expenditures of Federal Awards	66
Local Education Agency Organization Structure.....	67
Schedule of Average Daily Attendance.....	68
Schedule of Instructional Time	69
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements	70
Schedule of Financial Trends and Analysis	71
Schedule of Charter Schools	72
Combining Balance Sheet – Nonmajor Governmental Funds.....	73
Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Nonmajor Governmental Funds.....	74
Note to Supplementary Information	75
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>	78
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	80
Independent Auditor’s Report on State Compliance.....	82
Schedule of Findings and Questioned Costs	

Summary of Auditor’s Results..... 85
Financial Statement Findings 86
Federal Awards Findings and Questioned Costs..... 87
State Compliance Findings and Questioned Costs..... 88
Summary Schedule of Prior Audit Findings..... 89



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redwood City School District (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Redwood City School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 11, budgetary comparison information on page 60 schedule of changes in the District's total OPEB liability and related ratios on page 61, schedule of the District's proportionate share of the net pension liability on page 62, and the schedule of District pension contributions on page 63, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the schedule of expenditures of federal awards, and the other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 31, 2021 on our consideration of the Redwood City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Redwood City School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Menlo Park, California
March 31, 2021

This section of Redwood City School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

The Financial Statements

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

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

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

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

The *Fiduciary Activities* are agency funds, which only report a balance sheet and do not have a measurement focus.

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 - Most 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 Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for funds held on behalf of others, like our funds for associated student body activities. The District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The District as A Whole

Net Position

The District's net position was a deficit \$8.7 million for the fiscal year ended June 30, 2020. Of this amount, (\$106) million was unrestricted. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limit the governing board's ability to use the net position for day-to-day operations. The District's analysis below, in summary form, focuses on the net position (Table 1) and change in net position (Table 2) of the District's governmental activities.

Table 1

	Governmental Activities	
	2020	2019
Assets		
Current and other assets	\$ 214,457	\$ 166,176
Capital assets	138,660	105,133
Total assets	353,117	271,309
Deferred outflows of resources	25,370	27,414
Liabilities		
Current liabilities	17,906	27,087
Long-term liabilities	355,677	283,262
Total liabilities	373,583	310,349
Deferred inflows of resources	13,609	11,485
Net Position		
Net investment in capital assets	55,601	41,878
Restricted	41,973	40,265
Unrestricted	(106,280)	(105,254)
Total net position	\$ (8,706)	\$ (23,111)

The (\$106) million in unrestricted net position of governmental activities represents the accumulated results of all past years' operations and includes \$90 million of net pension liabilities and pension deferrals and \$32 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	
	2020	2019
Revenues		
Program revenues		
Charges for services	\$ 1,437	\$ 1,434
Operating grants and contributions	29,651	28,905
General revenues		
Federal and State aid not restricted	7,085	42,823
Property taxes	98,616	54,671
Other general revenues	9,574	4,166
Total revenues	146,363	131,999
Expenses		
Instruction-related	94,218	88,660
Pupil services	11,935	11,499
Administration	7,077	5,895
Plant services	9,626	10,209
Other	9,103	7,848
Total expenses	131,959	124,111
Change in net position	\$ 14,404	\$ 7,888

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of District's governmental activities this year was \$132.0 million. However, the amount that taxpayers ultimately financed for these activities through local taxes was \$99 million because the cost was paid by those who benefited from the programs (\$1 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$30 million). The District paid for the remaining "public benefit" portion of its governmental activities with \$7 million in Federal and State funds and \$10 million with other revenues, like interest and general entitlements.

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

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	\$ 94,218	\$ 88,659	\$ (76,739)	\$ (70,074)
Pupil services	11,935	11,499	(7,825)	(6,253)
Administration	7,077	5,895	(6,363)	(4,999)
Plant services	9,626	10,209	(9,327)	(9,928)
All other services	9,103	7,848	(617)	(2,518)
Total	\$ 131,959	\$ 124,110	\$ (100,871)	\$ (93,772)

The District's Funds

As the District completed this year, its governmental funds reported a combined fund balance of \$199 million, which is an increase of \$45 million from last year (Table 4).

Table 4

Governmental Fund	Balances and Activity			
	June 30, 2019	Revenues	Expenditures	June 30, 2020
General	\$ 11,592,042	\$ 106,750,823	\$ 101,899,016	\$ 16,443,849
Child Development	107,713	5,251,784	5,240,942	118,555
Cafeteria	2,172,765	3,326,585	4,242,720	1,256,630
Deferred Maintenance	-	105,463	105,351	112
Building	100,313,135	71,514,554	33,320,994	138,506,695
Capital Facilities	21,013,510	4,615,901	4,316,195	21,313,216
Special Reserve Fund for Capital Outlay Projects	2,083,373	80,889	19,154	2,145,108
Bond Interest and Redemption	17,407,280	20,854,936	18,773,679	19,488,537
Total	\$ 154,689,818	\$ 212,500,935	\$ 167,918,051	\$ 199,272,702

The primary reasons for these changes are:

- a) The Building Fund increased by \$38 million due to bond sales.
- b) The Capital Facilities Fund balance has increased by \$300 thousand due to increases in developer fees and receipt of RDA funds.
- c) The Bond Interest and Redemption Fund balance has increased by \$2 million due to bond premiums received in the current year.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as the District attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted in June 2019. (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 60).

Changes between our 2019-20 original and final budgets are primarily due to budget revisions as new information becomes available during the fiscal year.

- a) Budgeted revenues increased by \$11 million due to the following:

The District has transitioned from a LCFF/State Aid district into a Basic Aid district beginning in the 2019-20 fiscal year. Revenues from LCFF sources were recalculated to reflect the excess property tax revenues. The information regarding the increase in property taxes was not known until the Second Interim period. The District also received new Special Ed Early Intervention Preschool Grants and lease income from one of the school sites that was approved by the Board for closure.

- b) Budgeted expenditures increased by \$5 million due to the following:

With the increase in funding as a Basic Aid district, additional purchases for books and supplies and other contracted services necessary to meet the needs of the students were added in the budget. Also, corresponding expenditures for the new state and local grants received after budget adoption were included in the budget. Additional expenditures to spend down prior year program carryover balances were likewise added during interim.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2020, the District had \$136 million in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount is consistent to the amount last year (Table 5).

Table 5

	Governmental Activities	
	2020	2019
Land and construction in progress	\$ 68,698,602	\$ 31,159,453
Buildings and improvements	66,926	70,935
Equipment	3,035	3,038
Total	\$ 138,659,592	\$ 105,132,750

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 \$296 million in long-term liabilities versus \$309 million last year, a decrease of \$12 million or 4 percent. Long-term liabilities consisted of:

Table 6

	Governmental Activities	
	2020	2019
Long-Term Liabilities		
General obligation bonds	\$ 204,034,427	\$ 150,182,205
Qualified Zone Academy Bonds	849	950
Unamortized premiums/(discounts)	14,433	10,274
Capital leases	2,003	2,161
Compensated absences	653	478
Total OPEB liability	32,149	29,740
Aggregate net pension liability	101,556	102,925
Total	\$ 355,677,173	\$ 296,710,567

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 percent of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of \$218 million is below the statutorily-imposed limit.

Other obligations include compensated absences payable, postemployment benefits, net pension obligations, and other long-term liabilities. We present more detailed information regarding our long-term liabilities in Note 8 of the financial statements.

Economic Factors and Next Year's Budgets and Rates

Redwood City School District (RCSD) has embarked on a process to plan for the organization's future in order to focus on its core mission of educating every child for success. Given the continuing decline in student population with over 1,600 fewer students than six years ago, shift in demographics, reduced funding and rising operational costs, the RCSD has taken fiscally prudent steps to manage its resources to keep providing a high-quality education to its students.

On November 28, 2018, the RCSD Governing Board approved the closure of four (4) school sites to "right size" operations. This will provide annual savings going forward, and generate new revenues through leasing of the sites. The schools that were approved for closure beginning in fiscal year 2019-20 are Fair Oaks Elementary, Hawes Elementary, Orion Alternative, and Adelante Spanish Immersion. The District was able to lease out one of the closed school sites (815 Allerton, formerly Orion Alternative School) beginning in October 2019.

In December 2019, the 2019-20 P-1 Property Tax Report was released by the San Mateo County Controller's Office showing a significant increase in property tax revenues for the Redwood City School District. This increase has resulted in the change in funding status of the District from a LCFF/State Aid to a Basic Aid district. With the continuing decline in student enrollment and the increase in local property taxes, the District is projected to remain Basic Aid for the subsequent fiscal years.

Contacting the District's Financial Management

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

Redwood City School District
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Deposits and investments	\$ 196,199,591
Receivables	17,897,784
Prepaid items	280,469
Stores inventories	77,894
Capital assets not depreciated	68,698,602
Capital assets, net of accumulated depreciation	69,960,990
Total assets	353,115,330
Deferred Outflows of Resources	
Deferred outflows of resources from OPEB	2,330,792
Deferred outflows of resources related to pensions	23,039,692
Total deferred outflows of resources	25,370,484
Liabilities	
Accounts payable	13,166,215
Interest payable	2,723,108
Unearned revenue	2,016,821
Total other postemployment benefits liabilities	32,149,043
Aggregate net pension liabilities	101,555,689
Compensated absences	653,473
Long-term debt	
Due within one year	12,065,212
Due in more than one year	209,253,756
Total liabilities	373,583,317
Deferred Inflows of Resources	
Deferred inflows of resources from OPEB	1,799,658
Deferred inflows of resources from pensions	11,809,101
Total deferred inflows of resources	13,608,759
Net Position	
Net investment in capital assets	55,601,033
Restricted for	
Debt service	16,765,429
Capital projects	21,313,328
Educational programs	2,689,565
Child nutrition programs	1,204,776
Unrestricted	(106,280,393)
Total net position	\$ (8,706,262)

Redwood City School District
Statement of Activities
Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instruction	\$ 76,994,746	\$ 236,909	\$ 14,619,950	\$ (62,137,887)
Instruction-related activities				
Supervision of instruction	6,095,865	46,681	1,532,381	(4,516,803)
Instructional library, media, and technology	2,465,762	1,325	119,884	(2,344,553)
School site administration	8,661,351	14,852	906,310	(7,740,189)
Pupil services				
Home-to-school transportation	1,413,199	-	60,468	(1,352,731)
Food services	4,382,377	543,489	2,746,717	(1,092,171)
All other pupil services	6,139,660	12,175	746,906	(5,380,579)
Administration				
Data processing	799,098	-	29,941	(769,157)
All other administration	6,277,962	23,638	660,551	(5,593,773)
Plant services	9,625,787	2,947	295,786	(9,327,054)
Community services	1,504,783	33,349	695,449	(775,985)
Interest on long-term liabilities	6,797,890	-	-	(6,797,890)
Other outgo	800,620	521,706	7,236,922	6,958,008
Total governmental activities	<u>\$ 131,959,100</u>	<u>\$ 1,437,071</u>	<u>\$ 29,651,265</u>	<u>(100,870,764)</u>
General Revenues and Subventions				
Property taxes, levied for general purposes				78,633,750
Property taxes, levied for debt service				15,366,955
Taxes levied for other specific purposes				4,615,818
Federal and State aid not restricted to specific purposes				7,084,581
Interest and investment earnings				2,936,431
Miscellaneous				6,637,321
Total general revenues and transfers				<u>115,274,856</u>
Change in Net Position				14,404,092
Net Position - Beginning				<u>(23,110,354)</u>
Net Position - Ending				<u>\$ (8,706,262)</u>

Redwood City School District
Balance Sheet – Governmental Funds
June 30, 2020

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	\$ 10,165,430	\$ 141,401,742	\$ 21,918,924	\$ 19,420,430	\$ 3,293,065	\$ 196,199,591
Receivables	16,337,024	711,365	96,012	68,107	685,278	17,897,786
Due from other funds	797,123	168,890	9,172	-	-	975,185
Prepaid expenditures	34,183	246,286	-	-	-	280,469
Stores inventories	26,040	-	-	-	51,854	77,894
Total assets	\$ 27,359,800	\$ 142,528,283	\$ 22,024,108	\$ 19,488,537	\$ 4,030,197	\$ 215,430,925
Liabilities and Fund Balances						
Liabilities						
Accounts payable	\$ 8,814,400	\$ 4,017,590	\$ 210,890	\$ -	\$ 123,337	\$ 13,166,217
Due to other funds	168,890	3,998	500,002	-	302,295	975,185
Unearned revenue	1,932,661	-	-	-	84,160	2,016,821
Total liabilities	10,915,951	4,021,588	710,892	-	509,792	16,158,223
Fund Balances						
Nonspendable	135,223	246,286	-	-	51,854	433,363
Restricted	2,580,681	138,260,409	21,313,216	19,488,537	1,313,772	182,956,615
Assigned	7,991,156	-	-	-	2,154,779	10,145,935
Unassigned	5,736,789	-	-	-	-	5,736,789
Total fund balances	16,443,849	138,506,695	21,313,216	19,488,537	3,520,405	199,272,702
Total liabilities and fund balances	\$ 27,359,800	\$ 142,528,283	\$ 22,024,108	\$ 19,488,537	\$ 4,030,197	\$ 215,430,925

Redwood City School District

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2020

Total Fund Balance - Governmental Funds		\$ 199,272,702
<p>Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.</p>		
The cost of capital assets is	\$ 223,489,564	
Accumulated depreciation is	<u>(84,829,972)</u>	
Net capital assets		138,659,592
<p>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.</p>		
		(2,723,108)
<p>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</p>		
Total other postemployment benefits liability	2,330,792	
Net pension obligation	<u>23,039,692</u>	
Total deferred outflows of resources		25,370,484
<p>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</p>		
Total other postemployment benefits liability	(1,799,658)	
Net pension obligation	<u>(11,809,101)</u>	
Total deferred inflows of resources		(13,608,759)
<p>Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(101,555,689)
<p>The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.</p>		
		(32,149,043)
<p>Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.</p>		
<p>Long-term liabilities at year-end consist of</p>		
Outstanding bonds and loans	(219,316,333)	
Capital leases payable	(2,002,635)	
Compensated absences (vacations)	<u>(653,473)</u>	
Total long-term liabilities		<u>(221,972,441)</u>
Total net position - governmental activities		<u>\$ (8,706,262)</u>

Redwood City School District
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds
Year Ended June 30, 2020

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues						
Local Control Funding Formula	\$ 82,920,466	\$ -	\$ -	\$ -	\$ -	\$ 82,920,466
Federal sources	4,344,448	-	-	-	2,539,714	6,884,162
Other State sources	9,311,237	-	-	37,311	4,728,012	14,076,560
Proceeds from sale of bonds	-	66,000,000	-	4,909,918	-	70,909,918
Other local sources	9,674,672	5,514,554	4,615,901	15,907,707	1,391,749	37,104,583
Total revenues	<u>106,250,823</u>	<u>71,514,554</u>	<u>4,615,901</u>	<u>20,854,936</u>	<u>8,659,475</u>	<u>211,895,689</u>
Expenditures						
Current						
Instruction	61,944,533	-	-	-	4,479,469	66,424,002
Instruction-related activities						
Supervision of instruction	5,577,754	-	-	-	11,607	5,589,361
Instructional library, media	2,320,363	-	-	-	-	2,320,363
School site administration	6,717,933	-	-	-	469,504	7,187,437
Pupil services						
Home-to-school transportation	1,344,416	-	-	-	-	1,344,416
Food services	50,900	-	-	-	4,120,356	4,171,256
All other pupil services	5,371,947	-	-	-	-	5,371,947
Administration						
Data processing	726,984	-	-	-	-	726,984
All other administration	5,523,235	-	-	-	358,726	5,881,961
Plant services	9,035,747	-	54,547	-	149,351	9,239,645
Community services	1,430,845	-	-	-	-	1,430,845
Other outgo	800,620	-	-	-	-	800,620
Capital outlay	727,603	33,320,994	3,656,402	-	19,154	37,724,153
Debt service						
Principal	259,409	-	-	13,030,000	-	13,289,409
Interest and other	66,727	-	-	5,743,679	-	5,810,406
Total expenditures	<u>101,899,016</u>	<u>33,320,994</u>	<u>3,710,949</u>	<u>18,773,679</u>	<u>9,608,167</u>	<u>167,312,805</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>4,351,807</u>	<u>38,193,560</u>	<u>904,952</u>	<u>2,081,257</u>	<u>(948,692)</u>	<u>44,582,884</u>
Other Financing Sources (Uses)						
Transfers in	500,000	-	-	-	105,246	605,246
Transfers out	-	-	(605,246)	-	-	(605,246)
Net Change in Fund Balances	4,851,807	38,193,560	299,706	2,081,257	(843,446)	44,582,884
Fund Balance - Beginning	11,592,042	100,313,135	21,013,510	17,407,280	4,363,851	154,689,818
Fund Balance - Ending	<u>\$ 16,443,849</u>	<u>\$ 138,506,695</u>	<u>\$ 21,313,216</u>	<u>\$ 19,488,537</u>	<u>\$ 3,520,405</u>	<u>\$ 199,272,702</u>

See notes to the financial statements

Redwood City School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2020

Total Net Change in Fund Balances - Governmental Funds \$ 44,582,884

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the Statement of Activities.

This is the amount by which capital outlays exceeds depreciation in the period.

Depreciation expense	\$ (4,279,317)	
Capital outlays	<u>37,806,159</u>	
Net expense adjustment		33,526,842

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. (175,614)

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. (4,002,471)

In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the Statement of Activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year. (1,204,577)

Proceeds received from the Sale of Bonds 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. (66,882,222)

Governmental funds report the effect of premiums, discounts, and the deferred amount on a refunding when the debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Premium on issuance recognized		(4,909,919)
Premium amortization		751,472

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, 2020

Payment of principal on long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

General obligation bonds	13,030,000
State School Building Loan	101,413
Capital leases	157,996

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.

(571,712)

Change in net position of governmental activities

\$ 14,404,092

Redwood City School District
Statement of Net Position – Fiduciary Funds
June 30, 2020

	<u>Agency Funds</u>
Assets	
Deposits and investments	<u>\$ 191,302</u>
Total assets	<u><u>\$ 191,302</u></u>
Liabilities	
Due to student groups	<u>\$ 191,302</u>
Total liabilities	<u><u>\$ 191,302</u></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 – 8, as mandated by state and/or federal agencies. The District operates 14 elementary and 2 middle schools.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Redwood City School District, this includes general operations, food service, and student related activities of the District.

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

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

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

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

Nonmajor Governmental Funds

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

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

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

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

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

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

Fiduciary Funds Fiduciary Funds are used to account for assets held in trustee or agent capacity for others that cannot be used to support the District's own programs. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The key distinction between trust and agency funds is that trust funds are subject to a trust agreement that affects the degree of management involvement and the length of time that the resources are held. The District has only one fiduciary fund, which is an agency fund.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Such funds have no equity accounts since all assets are due to individuals or entities at some future time. The District's agency fund accounts for student body activities (ASB).

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.

Fiduciary Funds Fiduciary funds are accounted for using the flow of economic resources measurement focus and the accrual basis of accounting. Fiduciary funds are excluded from the government-wide financial statements because they do not represent resources of the District.

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

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

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

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

Investments

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

Prepaid Expenditures (Expenses)

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

Stores Inventories

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

Capital Assets and Depreciation

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

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

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

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

Interfund Balances

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

Compensated Absences

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

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

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

Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
\$ 477,859	\$ 718,832	\$ (543,218)	\$ 653,473	\$ 653,473

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. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund. The District has a defined benefit plan that is administered through a trust that meets the criteria of paragraph 3 of GASB Statement No. 74. More detailed information is discussed in Note 10 of the financial statements.

Fund Balances - Governmental Funds

As of June 30, 2020, 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 percent of General Fund annual expenditures and other financing uses for economic uncertainties and another 3 percent 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.

New Accounting Pronouncements – Implemented in the Current Fiscal Year

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations.
- Statement No. 84, Fiduciary Activities.
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.
- Statement No. 90, Majority Equity Interests.
- Statement No. 91, Conduit Debt Obligations.
- Statement No. 92, Omnibus 2020.
- Statement No. 93, Replacement of Interbank Offered Rates.
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting).
- Implementation Guide No. 2018-1, Implementation Guidance Update—2018.
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019.
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases.
- Implementation Guide No. 2019-3, Leases.

New Accounting Pronouncements – Effective in Future Fiscal Years

GASB Statement No. 84 – In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance related to fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019, or the fiscal year 2020-21. The District is evaluating the impact of this Statement.

GASB Statement No. 87 – In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The Statement is effective for the reporting periods beginning after December 15, 2020, or fiscal year 2021-22. The District is evaluating the impact of this Statement.

GASB Statement No. 89 – In June 2018, GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement is to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in the financial statements. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 or fiscal year 2021-22. The District is evaluating the impact of this Statement.

GASB Statement No. 90 – In August 2018, GASB issued Statement No. 90, *Majority Equity Interest*, an amendment of GASB statement No. 14 and No. 61. The objectives of this Statement is to improve how majority equity interest is reported. The Statement specifies that a majority equity interest in a legally separate organization should be reported as an investment using the equity method if a government's holding of the equity interest meets the definition of an investment and for all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 or fiscal year 2020-21. The District is evaluating the impact of this Statement.

GASB Statement No. 91 – In May 2019, GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this Statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021 or fiscal year 2022-23. The District is evaluating the impact of this Statement.

GASB Statement No. 92 – In January 2020, GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement is to establish accounting and financial reporting requirements for specific issues related to leases, intra-entity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or fiscal year 2021-22, except for Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance. The District is evaluating the impact of this Statement.

GASB Statement No. 93 – In May 2020, GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this Statement is to address those and other accounting and reporting implications resulting from the replacement of an IBOR by providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced and providing clarification to the hedge accounting termination provisions, removing LIBOR as a benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap, identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap and providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or fiscal year 2021-22, except the removal of LIBOR as a benchmark interest rate which is effective for periods beginning after December 31, 2022 or fiscal year 2022-23. The District is evaluating the impact of this Statement.

GASB Statement No. 94 – In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objectives of this Statement improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 or fiscal year 2022-23. The District is evaluating the impact of this Statement.

GASB Statement No. 96 – In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objective 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022 or fiscal year 2022-23. The District is evaluating the impact of this Statement.

GASB Statement No. 97 – In June 2020, GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32. The objective of this Statement is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 or fiscal year 2021-22. The District is evaluating the impact of this Statement.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2020 are classified in the accompanying financial statements as follows:

Governmental funds	\$ 196,199,591
Fiduciary funds	191,302
	<u>191,302</u>
Total deposits and investments	<u><u>\$ 196,390,893</u></u>

Deposits and investments as of June 30, 2020 consisted of the following:

Cash on hand and in banks	\$ 342,763
Cash in revolving	75,000
Investments	195,973,130
	<u>195,973,130</u>
Total deposits and investments	<u><u>\$ 196,390,893</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 1.75 years in June 30, 2020.

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 Pool are not rated as of June 30, 2020.

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. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date.
- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable.
- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District's own data.

Uncategorized - Investments in the San Mateo County Treasury Investment Pool are not measured using the input levels above because the District's transactions are based on a stable net asset value per share. All contributions and redemptions are transacted at \$1.00 net asset value per share. The County Treasury Investment Pool has a daily redemption frequency period and a one-day redemption notice period.

Note 4 - Receivables

Receivables at June 30, 2020, consisted of intergovernmental grants, entitlements, interest and other local sources.

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
Federal Government						
Categorical aid	\$ 2,165,977	\$ -	\$ -	\$ -	\$ 358,073	\$ 2,524,050
State Government						
LCFF apportionment	1,512,071	-	-	-	252,566	1,764,637
Categorical aid	825,867	-	-	-	57,580	883,447
Lottery	379,703	-	-	-	-	379,703
Local Government						
Interest	63,138	597,182	89,431	68,107	174,595	992,453
Other local sources	11,390,268	114,183	6,581	-	(157,536)	11,353,496
Total	\$ 16,337,024	\$ 711,365	\$ 96,012	\$ 68,107	\$ 685,278	\$ 17,897,786

All receivables are considered collectible in full.

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,441,595	\$ -	\$ -	\$ 1,441,595
Construction in progress	29,717,858	37,539,149	-	67,257,007
Total capital assets not being depreciated	31,159,453	37,539,149	-	68,698,602
Capital assets being depreciated				
Land improvements	14,767,830	5,580	-	14,773,410
Buildings and improvements	132,750,941	-	-	132,750,941
Furniture and equipment	7,005,181	261,430	-	7,266,611
Total capital assets being depreciated	154,523,952	267,010	-	154,790,962
Total capital assets	185,683,405	37,806,159	-	223,489,564
Accumulated depreciation				
Land improvements	(11,666,461)	(697,267)	-	(12,363,728)
Buildings and improvements	(64,917,208)	(3,317,107)	-	(68,234,315)
Furniture and equipment	(3,966,986)	(264,943)	-	(4,231,929)
Total accumulated depreciation	(80,550,655)	(4,279,317)	-	(84,829,972)
Governmental activities capital assets, net	\$ 105,132,750	\$ 33,526,842	\$ -	\$ 138,659,592

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

Governmental Activities	
Instruction	\$ 2,576,835
Supervision of instruction	217,990
Instructional library, media, and technology	92,884
School site administration	281,518
Home-to-school transportation	53,674
Food services	164,747
All other pupil services	209,436
Data processing	28,476
All other administration	231,475
Plant services	365,317
Community services	56,965
Total depreciation expenses governmental activities	\$ 4,279,317

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2020, between major and non-major governmental funds, are as follows:

Due To	Due From			Total
	General Fund	Building Fund	Capital Facilities Funds	
General Fund	\$ -	\$ 168,890	\$ -	\$ 168,890
Capital Facilities Fund	500,002	-	-	500,002
Building Fund	-	-	3,998	3,998
Nonmajor Governmental Funds	297,121	-	5,174	302,295
Total	\$ 797,123	\$ 168,890	\$ 9,172	\$ 975,185

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 for the year ended June 30, 2020, consisted of the following:

Transfer To	Transfer From		Total
	General Fund	Nonmajor Governmental Funds	
Capital Facilities Fund	\$ 500,000	\$ 105,246	\$ 605,246
Total	\$ 500,000	\$ 105,246	\$ 605,246

Note 7 - Accounts Payable

Accounts payable at June 30, 2020, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Nonmajor Governmental Funds	Total
Vendor payables	\$ 7,401,673	\$ 3,987,438	\$ 206,902	\$ 84,042	\$ 11,680,055
Salaries and benefits	1,412,727	30,152	3,988	39,295	1,486,162
Total	<u>\$ 8,814,400</u>	<u>\$ 4,017,590</u>	<u>\$ 210,890</u>	<u>\$ 123,337</u>	<u>\$ 13,166,217</u>

Note 8 - Unearned Revenue

Unearned revenue at June 30, 2020, consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Federal financial assistance	\$ 112,975	\$ -	\$ 112,975
State categorical aid	1,199	-	1,199
Other local	1,818,487	84,160	1,902,647
Total	<u>\$ 1,932,661</u>	<u>\$ 84,160</u>	<u>\$ 2,016,821</u>

Note 9 - Long-Term Debt

Summary

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

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020	Due in One Year
Long-Term Debt					
General obligation bonds	\$ 150,182,205	\$ 66,882,222	\$ (13,030,000)	\$ 204,034,427	\$ 11,325,000
State school building loan	950,373	-	(101,413)	848,960	102,454
Unamortized debt premiums	10,274,499	4,909,919	(751,472)	14,432,946	467,224
Capital leases	2,160,631	-	(157,996)	2,002,635	170,534
Total	\$ 163,567,708	\$ 71,792,141	\$ (14,040,881)	\$ 221,318,968	\$ 12,065,212

Payments on the general obligation bonds are made from the Bond Interest and Redemption Bond Fund with local resources. Payments on the state school building loans, the food program repayments and capital leases payments are made by the General Fund. Accumulated vacation, other postemployment benefits, and net pension liabilities are paid by the funds for which the employee worked.

Bonded Debt

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2019	Additions	Redemptions	Bonds Outstanding June 30, 2020
8/1/1997	8/1/2022	3.75-6.5%	\$ 7,506,203	\$ 20,472,205	\$ 882,222	\$ (5,075,000)	\$ 16,279,427
6/14/2012	2/1/2027	3.0-5.0%	18,545,000	16,510,000	-	(1,155,000)	15,355,000
8/24/2016	8/1/2046	2.0-4.0%	60,000,000	46,200,000	-	(1,300,000)	44,900,000
3/1/2018	8/1/2040	4.0-5.0%	67,000,000	67,000,000	-	(5,500,000)	61,500,000
10/16/2019	8/1/2041	2.625-4.0%	41,500,000	-	41,500,000	-	41,500,000
10/16/2019	8/1/2029	1.817-2.384%	16,000,000	-	16,000,000	-	16,000,000
10/16/2019	8/1/2022	3.0-4.0%	8,500,000	-	8,500,000	-	8,500,000
				\$ 150,182,205	\$ 66,882,222	\$ (13,030,000)	\$ 204,034,427

Debt Service Requirements to Maturity

The bonds mature through 2048 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2021	\$ 11,325,000	\$ 6,633,223	\$ 17,958,223
2022	11,140,000	6,615,411	17,755,411
2023	11,740,000	6,377,411	18,117,411
2024	4,900,000	6,184,207	11,084,207
2025	5,145,000	6,038,457	11,183,457
2026-2030	28,635,000	27,599,648	56,234,648
2031-2035	21,150,000	23,549,604	44,699,604
2036-2040	33,575,000	18,537,779	52,112,779
2041-2045	50,120,000	10,872,533	60,992,533
2046-2048	27,250,000	1,413,338	28,663,338
Subtotal	204,980,000	<u>\$ 113,821,611</u>	<u>\$ 318,801,611</u>
Remaining Accretion	<u>(945,573)</u>		
		<u>\$ 204,034,427</u>	

State and Public School Building Loans

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

Fiscal Year	Principal	Interest to Maturity	Total
2021	\$ 102,454	\$ 8,235	\$ 110,689
2022	103,481	7,208	110,689
2023	104,519	6,170	110,689
2024	105,553	5,136	110,689
2025	106,625	4,064	110,689
2026-2028	326,328	5,738	332,066
Total	<u>\$ 848,960</u>	<u>\$ 36,552</u>	<u>\$ 885,511</u>

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

Capital Leases

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

The capital leases have minimum lease payments as follows:

Year Ending June 30,	Lease Payment
2021	\$ 170,534
2022	183,729
2023	197,611
2024	212,212
2025	227,564
2026-2029	1,010,985
Total	2,002,635
Less amount representing interest	(268,171)
Present value of minimum lease payments	\$ 1,734,464

Leased land, buildings, and equipment under capital leases in capital assets at June 30, 2020, include the following:

Buildings	\$ 3,312,154
Less accumulated depreciation	(993,646)
Total	\$ 2,318,508

Note 10 - Fund Balances

Fund balances are composed of the following elements on June 30, 2020:

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
Nonspendable						
Revolving cash	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Stores inventories	26,040	-	-	-	51,854	77,894
Prepaid expenditures	34,183	246,286	-	-	-	280,469
Total nonspendable	<u>135,223</u>	<u>246,286</u>	<u>-</u>	<u>-</u>	<u>51,854</u>	<u>433,363</u>
Restricted						
Purpose of the grant	2,580,681	-	-	-	108,996	2,689,677
Food service	-	-	-	-	1,204,776	1,204,776
Capital projects	-	138,260,409	21,313,216	-	-	159,573,625
Debt services	-	-	-	19,488,537	-	19,488,537
Total restricted	<u>2,580,681</u>	<u>138,260,409</u>	<u>21,313,216</u>	<u>19,488,537</u>	<u>1,313,772</u>	<u>182,956,615</u>
Assigned						
Carryover of unspent funds	1,521,562	-	-	-	-	1,521,562
Capital projects	-	-	-	-	2,145,108	2,145,108
Substitute sick leave allocation	35,000	-	-	-	-	35,000
Health care	250,000	-	-	-	-	250,000
Child development	-	-	-	-	9,671	9,671
Basic aid excess funding	6,184,594	-	-	-	-	6,184,594
Total assigned	<u>7,991,156</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,154,779</u>	<u>10,145,935</u>
Unassigned						
Reserve for economic uncertainties	5,736,789	-	-	-	-	5,736,789
Total	<u>\$ 16,443,849</u>	<u>\$ 138,506,695</u>	<u>\$ 21,313,216</u>	<u>\$ 19,488,537</u>	<u>\$ 3,520,405</u>	<u>\$ 199,272,702</u>

Note 11 - Postemployment Benefits Other Than Pensions (OPEB)

As of June 30, 2020, 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
\$ 32,149,043	\$ 2,330,792	\$ 1,799,658	\$ 2,139,125

General Information About the OPEB Plan

Plan Description

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

Benefits Provided

The District contributes to PEMHCA on behalf of each retiree eligible for PEMHCA. The contribution was and \$136/month for calendar 2020. 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, 2019 measurement date, the following employees were covered by the benefit terms:

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

Total OPEB Liability

The District's total OPEB liability of \$32,149,043 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019.

Actuarial Assumptions and Other Inputs

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

Inflation	3.00	percent
Salary increases	3.00	percent, average, including inflation
Investment rate of return	3.13	percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6.00	percent for 2019

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, 2019	\$ 29,739,962
Service cost	1,365,799
Interest	1,106,615
Differences between expected and actual experience	(2,166,935)
Contributions-employer	3,185,779
Benefit payments	(1,082,177)
Net change in total OPEB liability	2,409,081
Balance, June 30, 2020	\$ 32,149,043

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 (2.13%)	\$ 36,696,354
Current discount rate (3.13%)	32,149,043
1% increase (4.13%)	28,430,770

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 (5.00%)	\$ 27,994,978
Current discount rate (6.00%)	32,149,043
1% increase (7.00%)	37,310,260

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$2,139,125. At June 30, 2020, 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	\$ 934,548	\$ -
Differences between expected and actual experience	-	1,799,658
Changes of assumptions	1,396,244	-
Total	\$ 2,330,792	\$ 1,799,658

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
2021	\$ (139,707)
2022	(139,707)
2023	(139,707)
2024	(139,707)
2025	155,414
Total	\$ (403,414)

Risk Management

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2020, the District contracted with San Mateo County Schools Insurance Group (SMCIG) for property and liability insurance coverage. SMCIG is self-insured retention for up to \$250,000 per occurrence. SMCIG purchases coverage for liability insurance from CSAC Excess Insurance Authority (CSAL EIA) for claims in excess of \$250,000 and up to \$5 million. In addition, excess liability coverage is provided through Schools Excess Liability Fund (SELF) for claims in excess of \$5 million and up to \$55 million.

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

Workers' Compensation

For fiscal year 2020, 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 insures that each participant shares equally in the overall performance of the San Mateo County Schools Insurance Group.

Note 12 - Employee Retirement Systems

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

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

For the fiscal year ended June 30, 2020, the District reported net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense
CalSTRS	\$ 62,678,276	\$ 14,648,084	\$ 9,563,530	\$ 6,141,026
CalPERS	38,877,413	8,391,608	2,245,571	5,915,688
Total	\$ 101,555,689	\$ 23,039,692	\$ 11,809,101	\$ 12,056,714

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, 2018, 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 percent 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, 2020, are summarized as follows:

	STRP Defined Benefit Program	
	On or before December 31, 2012	On or after January 1, 2013
Hire date	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	17.10%	17.10%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the District's total contributions were \$6,495,843.

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

At June 30, 2020, 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	\$ 62,678,276
State's proportionate share of the net pension liability	34,195,184
Total	\$ 96,873,460

The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, respectively was 0.0694 percent and 0.0713 percent, resulting in a net decrease in the proportionate share of 0.0019 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$6,141,026. In addition, the District recognized pension expense and revenue of \$5,092,400 for support provided by the State. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 6,495,843	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	66,580	5,382,944
Differences between projected and actual earnings on pension plan investments	-	2,414,385
Differences between expected and actual experience in the measurement of the total pension liability	158,229	1,766,201
Changes of assumptions	7,927,432	-
	<u>\$ 14,648,084</u>	<u>\$ 9,563,530</u>
Total		

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal year. The deferred outflows of resources related to the difference between projected and actual earnings on pension plan investments are amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (243,532)
2022	(1,916,739)
2023	(397,944)
2024	143,830
	<u>\$ (2,414,385)</u>
Total	

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
2021	\$ 238,446
2022	260,640
2023	347,071
2024	1,169,091
2025	(615,748)
Thereafter	(396,404)
Total	<u>\$ 1,003,096</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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 2010 through June 30, 2015
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 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2016) 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 February 2017 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, 2019, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	4.8%
Fixed income	12%	1.3%
Real estate	13%	3.6%
Private equity	13%	6.3%
Risk mitigating strategies	9%	1.8%
Inflation sensitive	4%	-3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10 percent. 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 percent) 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%)	\$ 93,333,141
Current discount rate (7.10%)	62,678,276
1% increase (8.10%)	37,259,555

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, 2018 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	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	19.721%	19.721%

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 the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2020, are presented above and the total District contributions were \$3,716,861.

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

As of June 30, 2020, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$38,877,413. The net pension liability was measured as of June 30, 2019. 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, 2019 and June 30, 2018, respectively was 0.1334 percent and 0.1402 percent, resulting in a net decrease in the proportionate share of 0.0068 percent.

For the year ended June 30, 2020, the District recognized pension expense of \$5,915,688. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 3,716,861	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	-	1,884,975
Differences between projected and actual earnings on pension plan investments	-	360,596
Differences between expected and actual experience in the measurement of the total pension liability	2,824,061	-
Changes of assumptions	1,850,686	-
	<u>\$ 8,391,608</u>	<u>\$ 2,245,571</u>
Total	<u>\$ 8,391,608</u>	<u>\$ 2,245,571</u>

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
2021	\$ 355,947
2022	(710,993)
2023	(107,742)
2024	102,192
Total	<u>\$ (360,596)</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 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ 2,145,013
2022	545,425
2023	90,306
2024	9,028
Total	<u>\$ 2,789,772</u>

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, 2018, and rolling forward the total pension liability to June 30, 2019. The financial reporting actuarial valuation as of June 30, 2018, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2018
Measurement date	June 30, 2019
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

Discount Rate

The discount rate used to measure the total pension liability was 7.15 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	\$ 56,039,235
Current discount rate (7.15%)	38,877,413
1% increase (8.15%)	24,640,497

On Behalf Payments

The State of California makes contributions to CalSTRS and CalPERS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS for the fiscal year ending June 30, 2020 and was in the amount of \$4,769,915. The June 30, 2020 rate was 10.328 percent of the second previous annual compensation. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as state revenues and employer pension expenditures. Accordingly, these amounts have been recorded in these financial statements.

Senate Bill 90 (Chapter 33, Statutes of 2019), which was signed by the Governor on June 27, 2019, appropriated an additional 2019–2020 contribution on-behalf of school employers of \$1.1 billion for CalSTRS. A proportionate share of these contributions has been recorded in these financial statements. On behalf payments have been included in the calculation of available reserves and of the budgeted amounts reported in the General Fund Budgetary Comparison Schedule.

Note 13 - Commitments and Contingencies

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2020.

Litigation

The District is involved in various litigations 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, 2020.

Note 14 - Participation in Public Entity Risk Pools, Joint Powers Authorities and Other Related Party Transactions

The District is a member of the San Mateo County Schools Insurance Group (SMCSIG) joint powers authority (JPA). The District pays an annual premium to the applicable entity for its dental, vision, workers' compensation, and property liability coverage. The relationship between the District and the JPA is such that it is not a component unit of the District for financial reporting purposes. SMCSIG has budgeting and financial reporting requirements of member units and its financial statements are not presented in these financial statements; however, transactions between SMCSIG and the District are included in these statements. Audited financial statements are available from the entity. During the year ended June 30, 2020, the District made payments of \$2.5 million to SMCSIG JPA for workers' compensation premiums and \$1.565 million for dental and vision premiums.



Required Supplementary Information
June 30, 2020

Redwood City School District

Redwood City School District
 Budgetary Comparison Schedule – General Fund
 Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
Revenues				
Local Control Funding Formula	\$ 76,575,838	\$ 82,762,508	\$ 82,920,466	\$ 157,958
Federal sources	4,392,555	5,147,618	4,344,448	(803,170)
Other State sources	7,104,712	9,258,922	9,311,237	52,315
Other local sources	8,244,531	10,361,737	9,674,672	(687,065)
Total revenues	<u>96,317,636</u>	<u>107,530,785</u>	<u>106,250,823</u>	<u>(1,279,962)</u>
Expenditures				
Current				
Certificated salaries	39,291,151	39,456,585	38,708,135	748,450
Classified salaries	16,616,794	16,543,603	15,977,248	566,355
Employee benefits	26,591,677	27,305,170	26,228,258	1,076,912
Books and supplies	3,151,995	5,396,261	2,673,036	2,723,225
Services and operating expenditures	15,299,801	17,311,624	16,781,081	530,543
Other outgo	232,735	443,054	441,897	1,157
Capital outlay	1,036,146	763,225	763,225	-
Debt service				
Debt service - principal	259,409	259,409	259,409	-
Debt service - interest and other	66,727	66,727	66,727	-
Total expenditures	<u>102,546,435</u>	<u>107,545,658</u>	<u>101,899,016</u>	<u>5,646,642</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,228,799)</u>	<u>(14,873)</u>	<u>4,351,807</u>	<u>4,366,680</u>
Other Financing Sources (Uses)				
Transfers in	2,400,000	500,000	500,000	-
Net financing sources (uses)	<u>2,400,000</u>	<u>500,000</u>	<u>500,000</u>	<u>-</u>
Net Change in Fund Balances	(3,828,799)	485,127	4,851,807	4,366,680
Fund Balance - Beginning	11,592,042	11,592,042	11,592,042	-
Fund Balance - Ending	<u>\$ 7,763,243</u>	<u>\$ 12,077,169</u>	<u>\$ 16,443,849</u>	<u>\$ 4,366,680</u>

Redwood City School District
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Year Ended June 30, 2020

	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 1,365,779	\$ 1,814,207	\$ 1,759,146
Interest	1,106,615	923,085	876,477
Difference between expected and actual experience	(2,166,935)	-	-
Changes of assumptions	3,185,779	(1,874,358)	-
Benefit payments	(1,082,177)	(1,219,608)	(1,074,610)
Net change in total OPEB liability	2,409,061	(356,674)	1,561,013
Total OPEB Liability - Beginning	29,739,962	30,096,636	28,535,623
Total OPEB Liability - Ending	<u>\$ 32,149,023</u>	<u>\$ 29,739,962</u>	<u>\$ 30,096,636</u>
Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Total OPEB Liability as a Percentage of Covered Payroll	<u>N/A¹</u>	<u>N/A¹</u>	<u>N/A¹</u>
Measurement Date	June 30, 2019	June 30, 2018	June 30, 2017

¹ The OPEB Plan is not administered through a trust and contributions are not made based on a measure of pay. Therefore, no measure of payroll is presented.

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, 2020

	2020	2019	2018	2017	2016	2015
CalSTRS						
Proportion of the net pension liability	0.0694%	0.0713%	0.0732%	0.0753%	0.0820%	0.0817%
Proportionate share of the net pension liability	\$ 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	34,195,184	37,520,966	40,027,258	34,684,573	29,190,321	28,827,467
Total	<u>\$ 96,873,460</u>	<u>\$ 103,054,418</u>	<u>\$ 46,793,551</u>	<u>\$ 95,611,431</u>	<u>\$ 84,382,013</u>	<u>\$ 76,567,457</u>
Covered payroll	<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>	<u>\$ -</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>165.41%</u>	<u>176.37%</u>	<u>17.45%</u>	<u>162.29%</u>	<u>146.48%</u>	<u>130.22%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>73%</u>	<u>71%</u>	<u>69%</u>	<u>70%</u>	<u>74%</u>	<u>77%</u>
Measurement Date	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	0.1334%	0.1402%	0.1469%	0.1501%	0.1482%	0.1455%
Proportionate share of the net pension liability	\$ 38,877,413	\$ 37,391,485	\$ 35,065,496	\$ 29,643,117	\$ 21,848,267	\$ 16,515,190
Covered payroll	<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>	<u>\$ -</u>
Proportionate share of the net pension liability as a percentage of its covered payroll	<u>208.96%</u>	<u>201.61%</u>	<u>187.21%</u>	<u>164.62%</u>	<u>134.02%</u>	<u>109.00%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>70%</u>	<u>71%</u>	<u>72%</u>	<u>74%</u>	<u>79%</u>	<u>83%</u>
Measurement Date	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, 2020

	2020	2019	2018	2017	2016	2015
CalSTRS						
Contractually required contribution	\$ 6,495,843	\$ 6,146,112	\$ 5,361,760	\$ 4,877,949	\$ 4,028,241	\$ 3,345,796
Less contributions in relation to the contractually required contribution	6,495,843	6,146,112	5,361,760	4,877,949	4,028,241	3,345,796
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	<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>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	\$ 3,716,861	\$ 3,348,741	\$ 2,880,409	\$ 2,601,337	\$ 2,133,230	\$ 1,918,916
Less contributions in relation to the contractually required contribution	3,716,861	3,348,741	2,880,409	2,601,337	2,133,230	1,918,916
Contribution deficiency (excess)	<u>\$ -</u>					
Covered payroll	<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>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.

Changes in Benefit Terms – There were not changes in benefit terms since the previous valuation.

Changes of Assumptions – The discount rate was changed as of the 2019 measurement date to 3.13 from 3.62 (as of the 2018 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, 2020

Redwood City School District

Redwood City School District
Schedule of Expenditures of Federal Awards
June 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Special Education Cluster			
Special Education—Grants to States (IDEA, Part B)	84.027	13379	\$ 1,677,594
Special Education—Preschool Grants (IDEA Preschool)	84.173	13430	66,422
Special Education—Preschool Grants (IDEA Preschool)	84.173	13431	900
Total Special Education Cluster			<u>1,744,916</u>
Migrant Education State Grant Program	84.011	14326	141,554
Migrant Education State Grant Program - Summer	84.011	10005	18,239
Subtotal			<u>159,793</u>
Title I Grants to Local Educational Agencies	84.010	14329	1,219,545
Supporting Effective Instruction State Grant	84.367	14341	153,689
English Language Acquisition Grants	84.365	15146	53,261
English Language Acquisition Grants	84.365	14346	288,817
Student Support and Academic Enrichment Program	84.424	15396	115,109
Twenty-First Century Community Learning Centers	84.287	14349	260,474
Total U.S. Department of Education			<u>3,995,604</u>
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	1,571,177
National School Lunch Program	10.555	13755	125,049
School Breakfast Program	10.553	13525	16,986
School Breakfast Program	10.553	13526	605,920
National School Lunch Program, donated commodity foods ²	10.555	1	199,614
Total Child Nutrition Cluster			<u>2,518,746</u>
Child and Adult Care Food Program	10.558	13393	220,582
Total U.S. Department of Agriculture			<u>2,739,328</u>
Total Expenditures of Federal Awards			<u>\$ 6,734,932</u>

¹ Catalog number not available

² Not recorded in the financial statements

Organization

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

Governing Board

<u>Member</u>	<u>Office</u>	<u>Term Expires</u>
Janet Lawson	President	2024
Alisa MacAvoy	Vice President	2024
Maria Diaz-Slocum	Clerk	2022
Cecilia I. Marquez	Member	2022
Dennis McBride	Member	2020

Administration

<u>Name</u>	<u>Title</u>
John R. Baker, Ed. D.	Superintendent
Wendy Kelly	Assistant Superintendent, Human Resources and Educational Services 6-8
Linda Montes, Ed. D.	Assistant Superintendent, Executive Director of Educational Services K-5 and Director of English Learner Services
Priscilla Aquino-Dichoso	Chief Business Official

Redwood City School District
 Schedule of Average Daily Attendance
 Year Ended June 30, 2020

	<u>Second Period Report</u>	<u>Annual Report</u>
Regular ADA		
Transitional kindergarten through third	3,017.16	3,017.16
Fourth through sixth	2,283.39	2,283.39
Seventh and eighth	1,535.27	1,535.27
	<u>6,835.82</u>	<u>6,835.82</u>
Total Regular ADA	<u>6,835.82</u>	<u>6,835.82</u>
Extended Year Special Education		
Transitional kindergarten through third	8.21	8.21
Fourth through sixth	5.79	5.79
Seventh and eighth	3.89	3.89
	<u>17.89</u>	<u>17.89</u>
Total Extended Year Special Education	<u>17.89</u>	<u>17.89</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	3.68	3.68
Fourth through sixth	3.18	3.18
Seventh and eighth	4.83	4.83
	<u>11.69</u>	<u>11.69</u>
Total Special Education, Nonpublic, Nonsectarian Schools	<u>11.69</u>	<u>11.69</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Fourth through sixth	0.14	0.14
Seventh and eighth	0.39	0.39
	<u>0.53</u>	<u>0.53</u>
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>0.53</u>	<u>0.53</u>
Total ADA	<u><u>6,865.93</u></u>	<u><u>6,865.93</u></u>

Redwood City School District
 Schedule of Instructional Time
 Year Ended June 30, 2020

Grade Level	1986-1987 Minutes Requirement	2019-2020 Actual Minutes	Number of Days		Status
			Traditional Calendar	Multitrack Calendar	
Kindergarten	36,000	36,040	180	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		50,770	180	N/A	Complied
Grade 2		50,770	180	N/A	Complied
Grade 3		50,770	180	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		54,105	180	N/A	Complied
Grade 5		54,105	180	N/A	Complied
Grade 6		54,105	180	N/A	Complied
Grade 7		54,105	180	N/A	Complied
Grade 8		54,105	180	N/A	Complied

Redwood City School District
 Reconciliation of Annual Financial and Budget Report with Audited Financial Statements
 Year Ended June 30, 2020

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

	General Fund	Building Fund	Capital Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds
Fund Balance					
Balance, June 30, 2020					
Unaudited Actuals	\$ 16,248,743	\$ 135,761,299	\$ 20,887,648	\$ 19,111,478	\$ 3,458,603
Fair market value adjustments	195,106	2,745,396	425,568	377,059	61,802
Audited Financial Statements	<u>\$ 16,443,849</u>	<u>\$ 138,506,695</u>	<u>\$ 21,313,216</u>	<u>\$ 19,488,537</u>	<u>\$ 3,520,405</u>

Redwood City School District
Schedule of Financial Trends and Analysis
Year Ended June 30, 2020

	(Budget) 2021 ¹	2020	2019	2018
General Fund				
Revenues	\$ 107,472,392	\$ 106,250,823	\$ 102,755,228	\$ 98,716,829
Other sources	2,400,000	500,000	-	-
Total Revenues and Other Sources	109,872,392	106,750,823	102,755,228	98,716,829
Expenditures	111,444,733	101,899,016	101,969,710	99,195,046
Other uses and transfers out	-	-	4,426	8,807
Total Expenditures and Other Uses	111,444,733	101,899,016	101,974,136	99,203,853
Change in Fund Balance	(1,572,341)	4,851,807	781,092	(487,024)
Ending Fund Balance	\$ 14,871,508	\$ 16,443,849	\$ 11,592,042	\$ 10,810,950
Available Reserves ²	\$ 8,578,695	\$ 5,736,789	\$ 6,372,221	\$ 7,490,888
Available Reserves as a Percentage of Total Outgo	7.70%	5.63%	6.25%	7.55%
Long-term Commitments				
Debt	\$ 209,253,756	\$ 221,318,968	\$ 163,567,708	\$ 175,796,856
Direct district obligations				
Net pension liability	101,555,689	101,555,689	102,924,937	102,725,789
Total OPEB liability	32,149,043	32,149,043	29,739,962	30,096,636
Other	-	653,473	477,859	535,123
Total Long-Term Liabilities	\$ 342,958,488	\$ 355,677,173	\$ 296,710,466	\$ 309,154,404
K-12 Average Daily Attendance at P-2	6,886	6,866	7,251	7,415

The general fund balance has increased by \$5,632,899 over the past two years. The fiscal year 2020-21 budget projects a decrease of \$1,572,341. For a district this size, the state recommends available reserves of at least three percent of total general fund expenditures, transfers out, and other uses (total outgo). The District anticipates an operating deficit during the 2020-21 fiscal year. Total long-term liabilities have increased by \$46,522,769 over the past two years due mostly to general obligation bonds and pensions. Average daily attendance has decreased by 549 over the past two years.

¹ Budget 2021 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, 2020

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

Redwood City School District
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2020

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Capital Outlay Fund	Nonmajor Governmental Funds
Assets					
Deposits and investments	\$ 103,710	\$ 1,044,857	\$ 5,700	\$ 2,138,798	\$ 3,293,065
Receivables	258,034	418,749	22	8,473	685,278
Stores inventories	-	51,854	-	-	51,854
Total assets	\$ 361,744	\$ 1,515,460	\$ 5,722	\$ 2,147,271	\$ 4,030,197
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 35,125	\$ 86,049	\$ -	\$ 2,163	\$ 123,337
Due to other funds	124,877	171,808	5,610	-	302,295
Unearned revenue	83,187	973	-	-	84,160
Total liabilities	243,189	258,830	5,610	2,163	509,792
Fund Balances					
Nonspendable	-	51,854	-	-	51,854
Restricted	108,884	1,204,776	112	-	1,313,772
Assigned	9,671	-	-	2,145,108	2,154,779
Total fund balances	118,555	1,256,630	112	2,145,108	3,520,405
Total liabilities and fund balances	\$ 361,744	\$ 1,515,460	\$ 5,722	\$ 2,147,271	\$ 4,030,197

Redwood City School District

Combining Statement of Revenues, Expenditure, and Changes in Fund Balances – Nonmajor Governmental Funds
June 30, 2020

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Capital Outlay Fund	Nonmajor Governmental Funds
Revenues					
Federal sources	\$ -	\$ 2,539,714	\$ -	\$ -	\$ 2,539,714
Other State sources	4,542,310	185,702	-	-	4,728,012
Other local sources	709,474	601,169	217	80,889	1,391,749
Total revenues	5,251,784	3,326,585	217	80,889	8,659,475
Expenditures					
Current					
Instruction	4,479,469	-	-	-	4,479,469
Instruction-related activities					
Supervision of instruction	11,607	-	-	-	11,607
School site administration	469,504	-	-	-	469,504
Pupil services					
Food services	-	4,120,356	-	-	4,120,356
Administration					
All other administration	236,362	122,364	-	-	358,726
Plant services	44,000	-	105,351	-	149,351
Capital outlay	-	-	-	19,154	19,154
Total expenditures	5,240,942	4,242,720	105,351	19,154	9,608,167
Excess (Deficiency) of Revenues Over Expenditures	10,842	(916,135)	(105,134)	61,735	(948,692)
Other Financing Sources (Uses)					
Transfers in	-	-	105,246	-	105,246
Net Financing Sources (Uses)	-	-	105,246	-	105,246
Net Change in Fund Balances	10,842	(916,135)	112	61,735	(843,446)
Fund Balance - Beginning	107,713	2,172,765	-	2,083,373	4,363,851
Fund Balance - Ending	\$ 118,555	\$ 1,256,630	\$ 112	\$ 2,145,108	\$ 3,520,405

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards

Basis of presentation

The schedule of expenditures of federal awards (schedule) includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the District.

Summary of Significant Accounting Policies

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

Indirect Cost Rate

The District has not elected to use the 10 percent de minimis cost rate.

Relationship to the Financial Statements

The following schedule provides reconciliation between revenues reported on the statement of Revenues, Expenditures, and Changes in Fund Balances and the related expenditures reported on the Schedule of Expenditures of Federal Awards.

	Amount
Description	
Total Federal Revenues reported on the financial statements	\$ 6,884,162
Medi-Cal Billing Option	(348,844)
Commodities are not reported on the financial statements	199,614
	199,614
Total Schedule of Expenditures of Federal Awards	\$ 6,734,932

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 neither met nor exceeded 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 46206.

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

Due to school closures caused by COVID-19, the District filed the COVID-19 School Closure Certification certifying that schools were closed for 53 days due to the pandemic. As a result, the District received credit for these 53 days in meeting the annual instructional days requirement. In addition, planned minutes covered by the COVID-19 School Certification were included in the Actual Minutes column but were not actually offered due to the COVID-19 school closure.

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Schedule of Charter Schools

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

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

The Nonmajor Governmental Funds Combining Balance Sheet and Combining Statement 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, 2020

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 Board of Education
Redwood City School District
Redwood City, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redwood City School District (District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon dated March 31, 2021.

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 Redwood City School District the District’s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 Bailly LLP".

Menlo Park, California
March 31, 2021



Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the Redwood City School District’s (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2020. The District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

Management’s Responsibility

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

Auditor’s Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Menlo Park, California
March 31, 2021



Independent Auditor's Report on State Compliance

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

Report on State Compliance

We have audited the Redwood City School District's (District) compliance with the types of compliance requirements described in the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the state laws and regulations listed in the table below for the year ended June 30, 2020.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Compliance Requirements Tested

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

	<u>Procedures Performed</u>
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	No, see below
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, see below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	No, see below
Middle or Early College High Schools	No, see below
K-3 Grade Span Adjustment	Yes
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	No, see below
Comprehensive School Safety Plan	Yes
District of Choice	No, see below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program:	
General Requirements	Yes
After School	Yes
Before School	No, see below
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control Accountability Plan	Yes
Independent Study - Course Based	No, see below
CHARTER SCHOOLS	
Attendance	No, see below
Mode of Instruction	No, see below
Nonclassroom-Based Instruction/Independent Study for Charter Schools	No, see below
Determination of Funding for Nonclassroom-Based Instruction	No, see below
Annual Instruction Minutes Classroom-Based	No, see below
Charter School Facility Grant Program	No, see below

Continuation Education

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

Early Retirement Incentive

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

Juvenile Court Schools

The District does not have any Juvenile Court Schools; therefore, we did not perform procedures related to Juvenile Court Schools.

Middle or Early College High Schools

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

Apprenticeship: Related and Supplemental Instruction

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

District of Choice

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

After/Before School Education and Safety Program:

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

Independent Study - Course Based

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

Charter Schools

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

Unmodified Opinion

In our opinion, Redwood City School District complied with the laws and regulations of the state programs referred to above for the year ended June 30, 2020.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2019-2020 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.



Menlo Park, California
March 31, 2021

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA Number
Special Education Cluster	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

Type of auditor's report issued on compliance for programs:	Unmodified
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2020-001 GAAP Basis Presentation of Capital Assets
Code 30000

Criteria

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

Condition

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

Questioned costs

Not applicable.

Context

Capital assets, net of accumulated depreciation, was \$139 million on June 30, 2020. Audit adjustments increasing the gross capital assets by \$2 million were necessary for the balances to be stated per GAAP.

Effect

The District's financial statements required adjustment to be presented per GAAP.

Cause

The District had not accumulated capital asset schedules in the manner necessary for compliance with authoritative accounting standards.

Identification as a Repeat Finding

This matter was not reported in the previous year.

None reported.

None reported.

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

State Compliance Findings

2019-001 Classroom Teacher Salaries
Code 4000,61000

Criteria or Specific Requirements

Education Code Section 41372 indicates that:

There shall be expended 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 did not spend the minimum percentage of its budget on classroom teacher salaries.

Current status

Resolved.