

Financial Statements  
June 30, 2025

# Redwood City School District

Independent Auditor’s Report .....	1
Management’s Discussion and Analysis .....	5
Government-wide Financial Statements	
Statement of Net Position .....	13
Statement of Activities.....	14
Governmental Fund Financial Statements	
Balance Sheet – Governmental Funds .....	15
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	18
Notes to Financial Statements .....	20
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund .....	56
Schedule of Changes in the District’s Total OPEB Liability and Related Ratios .....	57
Schedule of the District’s Proportionate Share of the Net Pension Liability .....	58
Schedule of the District Pension Contributions .....	59
Notes to Required Supplementary Information .....	60
Supplementary Information	
Schedule of Average Daily Attendance .....	62
Schedule of Instructional Time .....	63
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements .....	64
Schedule of Financial Trends and Analysis .....	65
Schedule of Charter Schools .....	66
Combining Schedule Balance Sheets – Nonmajor Governmental Funds .....	67
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	68
Notes to Supplementary Information.....	69
Other Information	
Local Education Agency Organization Structure (Unaudited) .....	71
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> .....	72
Independent Auditor’s Report on State Compliance and on Internal Control Over Compliance .....	74
Schedule of Findings and Questioned Costs	
Summary of Auditor’s Results.....	78
Financial Statement Findings .....	79
State Compliance Findings and Questioned Costs.....	80
Summary Schedule of Prior Audit Findings.....	82



## Independent Auditor's Report

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

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Redwood City School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Redwood City School District, as of June 30, 2025, 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.

#### *Basis for Opinions*

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

#### *Responsibilities of Management for the Financial Statements*

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of average daily attendance, schedule of instructional time, reconciliation of annual financial and budget report with audited financial statements, schedule of financial trends and analysis, schedule of charter schools, and the combining schedules of nonmajor governmental funds, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of average daily attendance, schedule of instructional time, reconciliation of annual financial and budget report with audited financial statements, schedule of financial trends and analysis, schedule of charter schools, and the combining schedules of nonmajor governmental fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

### **Other Reporting Required by *Government Auditing Standards***

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

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

Menlo Park, California  
December 15, 2025

This section of Redwood City School District's (District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2025, with comparative information for the year ended June 30, 2024. 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 and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

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 and business-type activities separately. These statements include all assets of the District (including capital assets), deferred outflows of resources, as well as all liabilities (including long-term liabilities) and deferred inflows of resources. Additionally, certain eliminations have occurred as prescribed by the statement in regards to interfund activity, payables, and receivables.

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

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

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

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

### **Reporting the District as A Whole**

#### **The Statement of Net Position and the Statement of Activities**

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

These two statements report the District's *net position* and changes in net position. 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 and the on-going effort to improve and maintain buildings and sites. Property taxes, State income taxes, user fees, interest income, Federal, State, and local grants, as well as general obligation bonds, finance these activities.

## Reporting the District's Most Significant Funds

### Fund Financial Statements

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

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



**The District as a Whole**

**Net Position**

As of June 30, 2025, the District's net position stood at \$57.2 million. Of this total, there was an unrestricted deficit of (\$106.3) million, primarily attributable to the allocation of unrestricted resources to address net pension liabilities (CalSTRS: \$48.3 million; CalPERS: \$50.7 million) and the total OPEB liability (\$36.0 million). Restricted net positions are disclosed separately in order to highlight legal limitations imposed by debt covenants and enabling legislation, which restrict the governing board's capacity to utilize these funds for regular operational purposes. The following summary presents the District's analysis of its net position (see Table 1) and changes in net position (see Table 2) related to governmental activities.

**Table 1**

	Governmental Activities (in thousands of dollars)	
	2025	2024
<b>Assets</b>		
Current and other assets	\$ 191,674	\$ 224,800
Capital assets	270,027	257,439
Total assets	461,701	482,239
Deferred outflows of resources	38,892	39,420
<b>Liabilities</b>		
Current liabilities	25,552	21,329
Long-term liabilities	398,427	415,492
Total liabilities	423,979	436,821
Deferred inflows of resources	19,392	24,374
<b>Net Position</b>		
Net investment in capital assets	81,707	72,323
Restricted	81,811	92,630
Unrestricted	(106,296)	(104,490)
Total net position	\$ 57,222	\$ 60,463

The unrestricted net position deficit of governmental activities amounts to (\$106.3) million, reflecting the cumulative outcome of operations from previous years. This total encompasses \$73.0 million in net pension liabilities and related deferrals, as well as \$38.3 million in other post-employment benefit liabilities and associated deferrals.

**Changes in Net Position**

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

**Table 2**

	Governmental Activities (in thousands of dollars)	
	2025	2024
Revenues		
Program revenues		
Charges for services	\$ 779	\$ 1,890
Operating grants and contributions	43,397	42,282
Capital grants and contributions	-	18,560
General revenues		
Federal and State aid not restricted	6,356	5,668
Property and other taxes	120,614	118,085
Other general revenues	12,701	13,422
Total revenues	183,847	199,907
Expenses		
Instruction-related	111,251	113,123
Pupil services	23,093	24,089
Administration	13,419	9,764
Plant services	19,613	15,937
All other services	19,713	19,284
Total expenses	187,089	182,197
Change in net position	\$ (3,242)	\$ 17,710

**Governmental Activities**

As reported in the *Statement of Activities*, the cost of all of District's governmental activities this year was \$187.1 million. However, the amount that taxpayers ultimately financed for these activities through local taxes was \$120.6 million because the cost was paid by those who benefited from the programs (\$0.78 million) or by other governments and organizations who subsidized certain programs with grants and contributions (\$43.4 million). The District paid for the remaining "public benefit" portion of its governmental activities with a combination of Federal, State, and local other revenues, such as property taxes, and general entitlements. The District received \$120.6 million in property and other taxes for the year, as compared to \$118.1 million the prior year.

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

**Table 3 (In thousands of dollars)**

	Total Cost of Services		Net Cost of Services	
	2025	2024	2025	2024
Instruction-related	\$ 111,251	\$ 113,124	\$ (90,681)	\$ (72,409)
Pupil services	23,093	24,089	(14,801)	(16,220)
Administration	13,419	9,764	(12,176)	(8,701)
Plant services	19,613	15,937	(19,509)	(15,880)
All other services	19,713	19,283	(5,746)	(6,255)
<b>Total</b>	<b>\$ 187,089</b>	<b>\$ 182,197</b>	<b>\$ (142,913)</b>	<b>\$ (119,465)</b>

**The District's Funds**

At the conclusion of this fiscal year, the District's governmental funds reflected a combined fund balance of \$166.1 million, representing a change from the previous year's total of \$199.6 million (see Table 4).

**Table 4**

Governmental Fund	Balances and Activity			
	June 30, 2024 as restated	Revenues and Other Financing Sources	Expenditures and Other Financing Uses	June 30, 2025
General fund	\$ 24,284,480	\$ 146,430,856	\$ 154,335,665	\$ 16,379,671
Building fund	92,265,578	5,256,710	23,391,245	74,131,043
Capital facilities fund	26,886,778	6,433,776	13,099,546	20,221,008
County school facilities fund	23,165,144	1,394,014	13,787,986	10,771,172
Bond interest and redemption fund	24,764,455	21,171,995	24,209,833	21,726,617
Nonmajor governmental funds	8,257,685	29,807,960	15,149,058	22,916,587
<b>Total</b>	<b>\$ 199,624,120</b>	<b>\$ 210,495,311</b>	<b>\$ 243,973,333</b>	<b>\$ 166,146,098</b>

### **General Fund Budgetary Highlights**

Over the course of fiscal year 2024-25, the District revised its General Fund budget through the interim reporting process to reflect updated revenue estimates, finalized carryover, and approved expenditure adjustments. The final budget amendment was adopted in June 2025. A schedule showing the District's original and final budget amounts compared with amounts paid and received is provided in our annual report on page 56. Changes between the 2024-25 original budget adoption and the final budgets are primarily due to budget revisions as new information becomes available during the fiscal year.

General Fund revenues increased between the adopted and final budgets, primarily due to updated local property tax estimates based on revised assessed valuation information. Federal and state revenues were also adjusted during the year to reflect finalized carryover and changes in program funding identified through interim reporting. Local revenue estimates were revised as additional information became available.

General Fund expenditures increased between the adopted and final budgets to align with updated revenue estimates and operational needs identified during the fiscal year. Expenditure increases were driven primarily by negotiated labor agreements, benefit-related cost adjustments, and the planned use of carryover funds to support instructional programs, student services, and school site operations. Budget adjustments also reflect increased costs associated with contracted services, materials, and supplies, as well as the timing of program implementation.

Overall, budget revisions during fiscal year 2024-25 reflect the District's ongoing practice of adjusting financial plans based on updated information while maintaining fiscal oversight through interim reporting and Governing Board approval.

**Capital Assets**

At June 30, 2025, the District had \$12.6 million increase in 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	
	2025	2024
Land and construction in progress	\$ 59,723,880	\$ 36,274,109
Buildings and improvements	207,713,232	218,546,718
Equipment	2,589,575	2,617,884
Total	\$ 270,026,687	\$ 257,438,711

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 \$398.4 million in long-term liabilities versus \$415.5 million last year, a decrease of \$17.1 million or 4.3%. Long-term liabilities are illustrated in the following table:

**Table 6**

	Governmental Activities	
	2025	2024
Long-Term Liabilities		
General obligation bonds	\$ 241,985,000	\$ 255,875,000
Qualified Zone Academy Bonds	326,328	432,953
Unamortized premium	18,921,914	19,834,589
Financed purchase	1,010,985	1,238,549
Compensated absences	1,239,339	773,674
Total OPEB liability	35,993,529	34,081,581
Aggregate net pension liability	98,949,985	103,255,751
Total	\$ 398,427,080	\$ 415,492,097

The District's general obligation bond rating is "A+". The State limits the amount of general obligation debt that districts can issue to 2.5% of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt of \$261.2 million is below the statutorily imposed limit.

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

### **Economic Factors and Next Year's Budgets and Rates**

Redwood City School District is primarily funded through local property taxes rather than state aid. As a Basic Aid school district, economic factors that may impact the District's fiscal condition include changes in assessed property values within District boundaries, statewide budget conditions that could affect constitutionally guaranteed Basic Aid funding, and inflationary pressures that increase the cost of goods and services.

Beginning in fiscal year 2019-20, the District's funding status shifted to Basic Aid, with local property taxes becoming the primary revenue source rather than Local Control Funding Formula state aid. The District continues to receive state apportionment for constitutionally required Basic Aid.

While the District's revenue base benefits from a strong local property tax base, expenditure pressures remain sensitive to statewide and regional cost drivers. Key factors include negotiated labor agreements, increases in employer contribution rates for pensions and other postemployment benefits, and ongoing operational costs associated with maintaining aging facilities and supporting instructional programs.

In addition, the District continues to manage the fiscal impacts of time-limited state and federal funding sources. As these programs phase out, the District evaluates sustainability and long-term alignment with ongoing revenues when developing future budgets and multiyear financial projections.

As reflected in the District's financial statements, local property tax revenues remained the largest single revenue source during fiscal year 2024-25. The District is projected to maintain its Basic Aid funding status in future years. In developing financial projections, the District has taken a conservative approach to revenue assumptions and expenditure growth in order to preserve fiscal stability and maintain adequate reserves.

The District will continue to monitor economic conditions, enrollment trends, labor cost pressures, state funding developments, and the long-term sustainability of programs when preparing future budgets and multiyear financial projections.

### **Contacting the District's Financial Management**

This financial report is intended to provide citizens, taxpayers, students, investors, and creditors with a general overview of the District's finances and to demonstrate accountability for the resources received. Questions regarding this report or requests for additional financial information may be directed to the Chief Business Official, Redwood City School District, 750 Bradford Street, Redwood City, California 94063.

Redwood City School District  
Statement of Net Position  
June 30, 2025

	Governmental Activities
<b>Assets</b>	
Deposits and investments	\$ 175,146,292
Receivables	11,616,739
Prepaid expense	429,964
Stores inventories	125,609
Lease receivables	4,355,164
Capital assets not being depreciated	59,723,880
Capital assets, net of accumulated depreciation	210,302,807
Total assets	461,700,455
<b>Deferred Outflows of Resources</b>	
OPEB related	3,554,772
Pension related	35,337,232
Total deferred outflows of resources	38,892,004
<b>Liabilities</b>	
Accounts payable	16,312,491
Interest payable	4,177,599
Unearned revenue	5,062,003
Long-term debt	
Compensated absences, due within one year	1,239,339
Due within one year	16,039,071
Due in more than one year	246,205,156
Total other postemployment benefits liabilities, due within one year	1,900,159
Total other postemployment benefits liabilities, due in more than one year	34,093,370
Aggregate net pension liabilities, due in more than one year	98,949,985
Total liabilities	423,979,173
<b>Deferred Inflows of Resources</b>	
Lease related	4,153,176
OPEB related	5,864,371
Pension related	9,374,170
Total deferred inflows of resources	19,391,717
<b>Net Position</b>	
Net investment in capital assets	\$ 81,707,337
Restricted for	
Debt service	17,549,018
Capital projects	46,373,104
Educational programs	13,299,421
Child nutrition programs	4,589,121
Unrestricted deficit	(106,296,432)
Total net position	\$ 57,221,569

Redwood City School District  
Statement of Activities  
Year Ended June 30, 2025

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses)</u>
		<u>Charges for</u> <u>Services and</u> <u>Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Revenues and</u> <u>Changes in</u> <u>Net Position</u> <u>Governmental</u> <u>Activities</u> <u>Total</u>
Governmental Activities				
Instruction	\$ 92,095,886	\$ 80,187	\$ 18,117,532	\$ (73,898,167)
Instruction-related activities				
Supervision of instruction	6,179,616	5,237	964,876	(5,209,503)
Instructional library, media, and technology	3,030,198	-	5,922	(3,024,276)
School site administration	9,945,640	5,672	1,391,179	(8,548,789)
Pupil services				
Home-to-school transportation	1,726,312	-	2,104	(1,724,208)
Food services	7,864,957	47,013	7,152,750	(665,194)
All other pupil services	13,502,122	29,551	1,060,589	(12,411,982)
Administration				
Data processing	878,569	-	-	(878,569)
All other administration	12,540,513	3,364	1,239,432	(11,297,717)
Plant services	19,612,733	4,284	99,599	(19,508,850)
Ancillary services	214,433	-	154,702	(59,731)
Community services	10,148,707	13,414	6,570,540	(3,564,753)
Interest	9,197,785	-	-	(9,197,785)
Other outgo	151,523	590,222	6,637,364	7,076,063
Total governmental activities	<u>\$ 187,088,994</u>	<u>\$ 778,944</u>	<u>\$ 43,396,589</u>	<u>\$ (142,913,461)</u>
General revenues				
Property taxes, levied for general purposes				94,770,903
Property taxes, levied for debt service				20,199,816
Taxes levied for other specific purposes				5,643,565
Federal and State aid not restricted to specific purposes				6,356,276
Interest and investment earnings				8,771,177
Miscellaneous				3,929,850
Total general revenues				<u>139,671,587</u>
Change in Net Position				(3,241,874)
Net Position - Beginning				<u>60,463,443</u>
Net Position - Ending				<u>\$ 57,221,569</u>



Redwood City School District  
Balance Sheet – Governmental Funds  
June 30, 2025

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Deposits and investments	\$ 9,153,803	\$ 81,783,568	\$ 27,671,414	\$ 24,316,070	\$ 21,535,057	\$ 10,686,380	\$ 175,146,292
Accounts receivable	2,445,962	875,959	314,138	243,088	191,560	304,541	4,375,248
Due from other funds	8,905,043	-	3,473	-	-	13,787,986	22,696,502
Due from other governments	6,071,167	-	-	-	-	1,170,324	7,241,491
Prepaid expenditures	83,201	346,763	-	-	-	-	429,964
Stores inventories	4,498	-	-	-	-	121,111	125,609
Leases receivable	4,355,164	-	-	-	-	-	4,355,164
<b>Total assets</b>	<b>\$ 31,018,838</b>	<b>\$ 83,006,290</b>	<b>\$ 27,989,025</b>	<b>\$ 24,559,158</b>	<b>\$ 21,726,617</b>	<b>\$ 26,070,342</b>	<b>\$ 214,370,270</b>
<b>Liabilities and Fund Balances</b>							
<b>Liabilities</b>							
Accounts payable	\$ 5,791,126	\$ 8,869,676	\$ 68,017	\$ -	\$ -	\$ 754,583	\$ 15,483,402
Due to other funds	-	5,571	7,700,000	13,787,986	-	1,202,945	22,696,502
Due to other governments	828,834	-	-	-	-	255	829,089
Unearned revenue	3,866,031	-	-	-	-	1,195,972	5,062,003
<b>Total liabilities</b>	<b>10,485,991</b>	<b>8,875,247</b>	<b>7,768,017</b>	<b>13,787,986</b>	<b>-</b>	<b>3,153,755</b>	<b>44,070,996</b>
<b>Deferred Inflows of Resources</b>							
Leases related	\$ 4,153,176	-	-	-	-	-	4,153,176
<b>Total deferred inflows of resources</b>	<b>4,153,176</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,153,176</b>
<b>Fund Balances</b>							
Nonspendable	364,687	346,763	-	-	-	121,111	832,561
Restricted	9,482,491	73,784,280	20,221,008	10,771,172	21,726,617	22,795,476	158,781,044
Assigned	1,843,781	-	-	-	-	-	1,843,781
Unassigned	4,688,712	-	-	-	-	-	4,688,712
<b>Total fund balances</b>	<b>16,379,671</b>	<b>74,131,043</b>	<b>20,221,008</b>	<b>10,771,172</b>	<b>21,726,617</b>	<b>22,916,587</b>	<b>166,146,098</b>
<b>Total liabilities and fund balances</b>	<b>\$ 31,018,838</b>	<b>\$ 83,006,290</b>	<b>\$ 27,989,025</b>	<b>\$ 24,559,158</b>	<b>\$ 21,726,617</b>	<b>\$ 26,070,342</b>	<b>\$ 214,370,270</b>

Redwood City School District  
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position  
 June 30, 2025

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

Total fund balance - governmental funds		\$ 166,146,098
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	\$ 389,053,281	
Accumulated depreciation is	<u>(119,026,594)</u>	
Net capital assets		270,026,687
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.		
		(4,177,599)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Other postemployment benefits (OPEB)	3,554,772	
Net pension liability	<u>35,337,232</u>	
Total deferred outflows of resources		38,892,004
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(5,864,371)	
Net pension liability	<u>(9,374,170)</u>	
Total deferred inflows of resources		(15,238,541)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(98,949,985)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		
		(35,993,529)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.		
Long-term liabilities at year-end consist of		
Outstanding bonds and loans	(262,244,227)	
Compensated absences	<u>(1,239,339)</u>	
Total long-term liabilities		<u>(263,483,566)</u>
Total net position - governmental activities		<u>\$ 57,221,569</u>

**Redwood City School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds**  
**Year Ended June 30, 2025**

	General Fund	Child Development Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Local Control Funding Formula	\$ 97,956,122		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 97,956,122
Federal sources	3,779,265		-	-	-	-	3,989,470	7,768,735
Other State sources	19,133,623		-	-	-	40,384	11,250,041	30,424,048
Other local sources	12,861,846		5,256,710	6,433,776	1,394,014	21,131,611	620,258	47,698,215
<b>Total revenues</b>	<b>133,730,856</b>		<b>5,256,710</b>	<b>6,433,776</b>	<b>1,394,014</b>	<b>21,171,995</b>	<b>15,859,769</b>	<b>183,847,120</b>
<b>Expenditures</b>								
<b>Current</b>								
Instruction	84,094,110		-	-	-	-	5,049,611	89,143,721
Instruction-related activities								
Supervision of instruction	6,056,810		-	-	-	-	-	6,056,810
Instructional library, media and technology	2,900,645		-	-	-	-	-	2,900,645
School site administration	8,926,979		-	-	-	-	830,633	9,757,612
Pupil services								
Home-to-school transportation	1,886,136		-	-	-	-	-	1,886,136
Food services	220,596		-	-	-	-	7,214,369	7,434,965
All other pupil services	12,935,715		-	-	-	-	-	12,935,715
Administration								
Data processing	833,923		-	-	-	-	-	833,923
All other administration	11,255,933		-	-	-	-	657,223	11,913,156
Plant services	14,931,292		-	239,341	-	-	204,457	15,375,090
Ancillary services	199,845		-	-	-	-	-	199,845
Community services	9,572,680		-	-	-	-	-	9,572,680
Other outgo	151,523		-	-	-	-	-	151,523
Capital outlay	-		23,391,245	-	-	-	1,192,765	24,584,010
Debt service								
Principal	334,189		-	-	-	13,890,000	-	14,224,189
Interest and other	35,289		-	-	-	10,319,833	-	10,355,122
<b>Total expenditures</b>	<b>154,335,665</b>		<b>23,391,245</b>	<b>239,341</b>	<b>-</b>	<b>24,209,833</b>	<b>15,149,058</b>	<b>217,325,142</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>(20,604,809)</b>		<b>(18,134,535)</b>	<b>6,194,435</b>	<b>1,394,014</b>	<b>(3,037,838)</b>	<b>710,711</b>	<b>(33,478,022)</b>
<b>Other Financing Sources (Uses)</b>								
Transfers in	12,700,000		-	-	-	-	13,948,191	26,648,191
Transfers out	-		-	(12,860,205)	(13,787,986)	-	-	(26,648,191)
<b>Total Other Financing Sources (Uses)</b>	<b>12,700,000</b>		<b>-</b>	<b>(12,860,205)</b>	<b>(13,787,986)</b>	<b>-</b>	<b>13,948,191</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>(7,904,809)</b>		<b>(18,134,535)</b>	<b>(6,665,770)</b>	<b>(12,393,972)</b>	<b>(3,037,838)</b>	<b>14,658,902</b>	<b>(33,478,022)</b>
Fund Balance - Beginning, as previously reported	24,284,480	1,918,540	92,265,578	26,886,778	-	24,764,455	29,504,289	199,624,120
Adjustment (Note 17)	-	(1,918,540)	-	-	23,165,144	-	(21,246,604)	-
Fund Balance - Beginning, as restated	24,284,480		92,265,578	26,886,778	23,165,144	24,764,455	8,257,685	199,624,120
<b>Fund Balance - Ending</b>	<b>\$ 16,379,671</b>		<b>\$ 74,131,043</b>	<b>\$ 20,221,008</b>	<b>\$ 10,771,172</b>	<b>\$ 21,726,617</b>	<b>\$ 22,916,587</b>	<b>\$ 166,146,098</b>

See Notes to Financial Statements

Redwood City School District

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental  
Funds to the Statement of Activities  
Year Ended June 30, 2025

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

Total Net Change in Fund Balances - Governmental Funds \$ (33,478,022)

Capital outlay 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	\$ (11,083,374)	
Capital outlay	<u>23,674,411</u>	
Net expense adjustment		12,591,037

A loss (gain) on disposal of capital assets is reported in the government-wide Statement of Net Position, but is not recorded in the governmental funds. (3,061)

In the Statement of Activities, certain operating expenses, such as compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between compensated absences earned and used. (465,665)

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/inflows of resources and net pension liability during the year. 3,849,985

In the governmental funds, OPEB costs are based on benefits payments 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/inflows of resources, and net OPEB liability during the year. (1,117,674)

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, 2025

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

Premium amortization 912,675

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

General obligation bonds 13,890,000

State School Building Loan 106,625

Capital leases 227,564

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.

244,662

Change in net position of governmental activities

\$ (3,241,874)

## **Note 1 - Summary of Significant Accounting Policies**

### **Financial Reporting Entity**

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

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

### **Basis of Presentation - Fund Accounting**

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

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

### **Major Governmental Funds**

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

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

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

**County School Facilities Fund** The County School Facilities Fund is established pursuant to Education Code Section 17070.43 to receive apportionments from the 1998 State School Facilities Fund (Proposition 1A), the 2002 State School Facilities Fund (Proposition 47), the 2004 State School Facilities Fund (Proposition 55), the 2006 State School Facilities Fund (Proposition 1D), or the 2016 State School Facilities Fund (Proposition 51) authorized by the State Allocation Board for new school facility construction, modernization projects, and facility hardship grants, as provided in the Leroy F. Greene School Facilities Act of 1998 (Education Code Section 17070.10 et seq.).

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

### **Nonmajor Governmental Funds**

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

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

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

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

### **Basis of Accounting - Measurement Focus**

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

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment for each governmental function. Direct expenses are those that are specifically associated with a service, program, or department and are therefore, clearly identifiable to a particular function. 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 and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net position restricted for other activities result from special revenue funds and the restrictions on their use.

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

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

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



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

**Unearned Revenue** Unearned revenues arise when resources are received by the District before it has a legal claim to them, such as when certain grants are received prior to the occurrence of qualifying expenditures. In the subsequent periods, when the District has a legal claim to the resources, the liability for unearned revenue is removed from the financial statements 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 financial 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. The program sponsor determines fair values of investments in County and State investment pools.

The District's investment in the county treasury is measured at fair value on a recurring basis, which is determined by the fair value per share of the underlying portfolio determined by the program sponsor. Positions in this investment pool are not required to be categorized within the fair value hierarchy.

### **Prepaid Expenditures (Expenses)**

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

### **Stores Inventories**

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

## **Capital Assets and Depreciation/Amortization**

### **Tangible Capital Assets**

Capital assets include land, buildings, building improvements, equipment, and other tangible assets with an initial cost of \$50,000 or more and an estimated useful life greater than one year. Capital assets are recorded at historical cost or, if donated, at acquisition value as of the date of donation. Normal maintenance and repairs that do not materially extend the asset's useful life or add value are expensed as incurred.

### **Depreciation**

Depreciation is computed using the straight-line method over the following estimated useful lives:

- Buildings: 25 to 50 years
- Building improvements: 20 years
- Equipment: 5 to 20 years

### **Leases**

The District recognizes right-to-use lease assets and corresponding lease liabilities for leases with terms greater than 12 months. At lease commencement, the lease asset is measured at the present value of expected lease payments, plus certain initial direct costs. The asset is amortized over the shorter of the lease term or the useful life of the underlying asset. Lease liabilities are reduced as payments are made. The District evaluates lease assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

### **Subscription-Based Information Technology Arrangements**

For subscription-based IT arrangements (SBITAs) with terms greater than 12 months, the District recognizes a right-to-use subscription asset and a corresponding subscription liability at the commencement of the subscription period. The subscription asset is measured at the present value of expected subscription payments, including certain implementation costs. The asset is amortized over the subscription term. Short-term SBITAs (maximum term of 12 months) are expensed as incurred.

### **Impairment of Capital Assets and Intangible Assets**

The District reviews both tangible capital assets and intangible right-to-use assets (leases and SBITAs) for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Impairments are recognized to reduce the carrying value to the asset's net realizable value.

### **Capitalization Threshold**

The District's capitalization threshold for all capital assets, including right-to-use lease and subscription assets, is \$50,000.

### **Leases, as Lessor**

As a lessor, the District recognizes lease receivables and related deferred inflows of resources for leases in which the District conveys the right to use capital assets to other entities for periods greater than 12 months. At the commencement of the lease, the lease receivable is measured at the present value of expected lease payments to be received during the lease term, discounted using the interest rate implicit in the lease or, if not readily determinable, the District's estimated incremental borrowing rate. The deferred inflow of resources is initially measured as the value of the lease receivable, adjusted for lease payments received at or before the commencement date. Lease receivables are subsequently reduced by the principal portion of lease payments received. The deferred inflow of resources is recognized as revenue over the lease term in a systematic and rational manner. The District monitors changes in circumstances that may require remeasurement of the lease receivable and deferred inflow of resources, such as modifications to lease terms or payment schedules. Lease receivables are evaluated for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

### **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**

The District provides various forms of paid leave to employees, including vacation and sick leave, in accordance with provisions of the California Education Code and Collective Bargaining Agreements. In accordance with GASB Statement No. 101, Compensated Absences, the District recognizes a liability for:

1. Leave that has not been used when that leave:
  - (a) is attributable to services already rendered,
  - (b) accumulates for use or payment in a future period, and
  - (c) is more-likely-than-not to be used for time off or otherwise paid or settled; and
2. Leave that has been used but not yet paid or settled as of the financial statement date.

Vacation and compensatory time balances are accrued and reported as a liability when benefits are both earned and attributable to services already rendered. Accrued liabilities for compensated absences include salary-related payments (such as employer payroll taxes and other amounts that are direct and incremental to payments for leave), are measured at current pay rates, and are reported as current and noncurrent liabilities in the financial statements.

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, 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, only the portion of accumulated sick leave that is more-likely-than-not to be used by the employee for paid leave is recognized as a liability in the District’s financial statements. The portion of sick leave that is more-likely-than-not to be settled through conversion to service credit for employee retirement plans (CalSTRS or CalPERS) is excluded from the District’s liability for compensated absences, per GASB 101 guidance.

At retirement, unused sick leave may be converted to service credit for retirement purposes in accordance with Education Code Sections 22717 and 44978. For classified school members retiring after January 1, 1999, each member receives 0.004 year of service credit for each day of unused sick leave. For certificated employees, credit for unused sick leave 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 District applies the Last-In-First-Out (LIFO) flow assumption in calculating compensated absence liabilities. Under LIFO, current year sick leave usage is attributed first to recently earned leave, with accumulated balances preserved for future conversion to retirement service credit. Balances expected to be converted to pension service credit are excluded from compensated absence liabilities.

For financial statements prepared using the current financial resources measurement focus, expenditures for compensated absences are recognized to the extent normally expected to be liquidated with expendable available financial resources; the full liability is recognized in the government-wide statements. Certain types of leave (e.g., parental, military, or jury duty leave) are not recognized as a liability until the leave commences.

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

Balance July 1, 2024	Net Change	Balance June 30, 2025	Due in One Year
\$ 773,674	\$ 465,665	\$ 1,239,339	\$ 1,239,339

**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**

Debt premiums, discounts, and debt issuance costs related to prepaid insurance 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, discounts, and 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 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, deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the California State Teachers' Retirement System (CalSTRS) and the California Public Employees' Retirement System (CalPERS) plan for schools (Plans) and additions to/deductions from the Plans' fiduciary net position have been determined on the same

basis as they are reported by CalSTRS and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Member contributions are recognized in the period in which they are earned. Investments are reported at fair value. The net pension liability attributable to the governmental activities will be paid by the fund in which the employee worked.

### **Postemployment Benefits Other Than Pensions (OPEB)**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the District Plan and additions to/deductions from the District Plan have been determined on the same basis as they are reported by the District Plan. For this purpose, the District Plan recognizes benefit payments when due and payable in accordance with the benefit terms. The total OPEB liability attributable to the governmental activities will be paid primarily by the General Fund. More detailed information is discussed in Note 12 of the financial statements.

### **Lease Liabilities**

Lease liabilities represent the District's obligation to make lease payments arising from the lease. The District recognizes a lease liability in the government-wide financial statements. Lease liabilities are recognized at the lease commencement date based on the present value of future lease payments expected to be made during the lease term. The present value of lease payments is discounted based on a borrowing rate determined by the District.

### **Subscriptions Liabilities**

Subscription liabilities represent the District's obligation to make subscription payments arising from the subscription contract. Subscription liabilities are recognized at the subscription commencement date based on the present value of future subscription payments expected to be made during the subscription term. The present value of the subscription payments is discounted based on a borrowing rate determined by the District.

### **Fund Balances - Governmental Funds**

As of June 30, 2025, fund balances of the governmental funds are classified as follows:

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

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

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

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

### **Spending Order Policy**

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

### **Net Position**

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

### **Interfund Activity**

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

### **Estimates**

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

### **Property Tax**

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

**Note 2 - Deposits and Investments**

**Summary of Deposits and Investments**

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

Cash on hand and in banks	\$ 156,695
Cash with fiscal agent	18,068
Revolving cash	75,000
Investments with the San Mateo County Treasury Pool	<u>174,896,529</u>
Total deposits and investments	<u><u>\$ 175,146,292</u></u>

**Policies and Practices**

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



**General Authorizations**

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

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

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

**Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to change in market interest rate. The District manages its exposure to interest rate risk by investing in the county pool and having the pool purchase a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The weighted average maturity of the San Mateo County Investment Pool was 1.65 years as of June 30, 2025.

**Credit Risk**

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investments in the San Mateo County Investment Pool are not rated as of June 30, 2025.

**Note 3 - Receivables and due from other governments**

Receivables at June 30, 2025, consisted of intergovernmental grants, entitlements, interest and other local sources.

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
Federal Government							
Categorical aid	\$ 2,431,363	\$ -	\$ -	\$ -	\$ -	\$ 600,043	\$ 3,031,406
State Government							
LCFF apportionment	1,173,804	-	-	-	-	-	1,173,804
Categorical aid	2,796,413	-	-	-	-	679,667	3,476,080
Lottery	462,921	-	-	-	-	-	462,921
Local Government							
Interest	237,924	875,959	260,916	243,088	191,560	112,848	1,922,295
Other local sources	1,414,704	-	53,222	-	-	82,307	1,550,233
<b>Total</b>	<b>\$ 8,517,129</b>	<b>\$ 875,959</b>	<b>\$ 314,138</b>	<b>\$ 243,088</b>	<b>\$ 191,560</b>	<b>\$ 1,474,865</b>	<b>\$11,616,739</b>

**Note 4 - Capital Assets**

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

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
<b>Governmental Activities</b>				
Capital assets not being depreciated				
Land	\$ 1,441,595	\$ -	\$ -	\$ 1,441,595
Construction in progress	34,832,514	23,449,771	-	58,282,285
<b>Total capital assets not being depreciated</b>	<b>36,274,109</b>	<b>23,449,771</b>	<b>-</b>	<b>59,723,880</b>
Capital assets being depreciated				
Land improvements	15,060,696	-	-	15,060,696
Buildings and improvements	308,103,467	26,362	-	308,129,829
Furniture and equipment	6,147,215	198,278	(206,617)	6,138,876
<b>Total capital assets being depreciated</b>	<b>329,311,378</b>	<b>224,640</b>	<b>(206,617)</b>	<b>329,329,401</b>
<b>Total capital assets</b>	<b>365,585,487</b>	<b>23,674,411</b>	<b>(206,617)</b>	<b>389,053,281</b>
Accumulated depreciation				
Land improvements	(11,500,353)	(177,124)	-	(11,677,477)
Buildings and improvements	(93,117,092)	(10,682,724)	-	(103,799,816)
Furniture and equipment	(3,529,331)	(223,526)	203,556	(3,549,301)
<b>Total accumulated depreciation</b>	<b>(108,146,776)</b>	<b>(11,083,374)</b>	<b>203,556</b>	<b>(119,026,594)</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 257,438,711</b>	<b>\$ 12,591,037</b>	<b>\$ (3,061)</b>	<b>\$ 270,026,687</b>

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

<b>Governmental Activities</b>	
Instruction	\$ 5,911,434
Supervision of instruction	401,648
Instructional library, media, and technology	192,353
School site administration	647,062
Home-to-school transportation	125,076
Food services	493,039
All other pupil services	857,813
Ancillary Services	13,252
Data processing	634,798
Plant services	732,023
Facility acquisition and construction	55,300
Community services	1,019,576
<b>Total depreciation expense governmental activities</b>	<b>\$ 11,083,374</b>

**Note 5 - Interfund Transactions**

**Interfund Receivables and Payables**

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2025, between major and non-major governmental funds, are as follows:

Due To	Due From			Total
	General Fund	Capital Facilities Funds	Nonmajor Governmental Funds	
General Fund	\$ 716,894	\$ -	\$ -	\$ 716,894
Building Fund	481,283	-	-	481,283
Capital Facilities Fund	7,700,000	-	-	7,700,000
County School Facilities Fund	-	-	13,787,986	13,787,986
Nonmajor Governmental Funds	6,866	3,473	-	10,339
<b>Total</b>	<b>\$ 8,905,043</b>	<b>\$ 3,473</b>	<b>\$ 13,787,986</b>	<b>\$ 22,696,502</b>

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 included a transfer of \$13,787,986 from the county school facilities fund to the special reserve for capital outlay fund. Additionally, the capital facilities fund transferred \$12,700,000 to the general fund for capital projects and \$160,205 to the deferred maintenance fund.

**Note 6 - Accounts Payable, and due to other governments**

Accounts payable at June 30, 2025, consisted of the following:

	General Fund	Building Fund	Capital Facilities Fund	Nonmajor Governmental Funds	Total
Vendor payables	\$ 5,527,628	\$ 8,867,331	\$ 68,017	\$ 666,146	\$ 15,129,122
Salaries and benefits	1,092,332	2,345	-	88,692	1,183,369
<b>Total</b>	<b>\$ 6,619,960</b>	<b>\$ 8,869,676</b>	<b>\$ 68,017</b>	<b>\$ 754,838</b>	<b>\$ 16,312,491</b>

**Note 7 - Unearned Revenue**

Unearned revenue at June 30, 2025, consisted of the following:

	General Fund	Nonmajor Governmental Funds	Total
Federal sources	\$ 382,038	\$ 11,046	\$ 393,084
State sources	279,219	1,016,296	1,295,515
Local sources	3,204,774	168,630	3,373,404
Total	\$ 3,866,031	\$ 1,195,972	\$ 5,062,003

**Note 8 - Lease Receivables as Lessor**

The District is leasing four of its buildings to third parties under noncancellable lease agreements. The lease agreements expire during fiscal years 2025 through 2031 and the District is currently receiving annual payments of \$1.87 million. The District recognized \$1.76 million in lease revenue and \$114 thousand in interest revenue during the current fiscal year related to the leases. As of June 30, 2025, the District’s receivable for lease payments was \$4.35 million and was calculated using a discount rate range of 2.44% to 2.55. Also, the District has a deferred inflow of resources associated with the leases that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow of resources was \$4.15 million. Final receipt is expected in fiscal year 2030.

**Regulated Leases**

The District has entered into Prop 39 facilities agreements with various charter schools to use District facilities. These agreements are governed by Education Code § 47614 and the State Board of Education’s implementing regulations in Title 5, California Code of Regulations (CCR), §§ 11969.1–11969.11.

Education Code Section 47614 requires a school district to make available, to each charter school operating in the district, facilities sufficient to accommodate the charter’s in-district students in conditions reasonably equivalent to those in which district students are accommodated; facilities must be contiguous, furnished, and equipped, and remain the property of the District. A district may deny a facilities request that is based on projections of fewer than 80 units of average daily classroom attendance (classroom ADA). When facilities are provided, the District may charge the charter a pro-rata share of facilities costs paid from unrestricted general fund revenues, calculated pursuant to 5 CCR § 11969.7; charter schools shall not otherwise be charged for use of the facilities. (Nothing in § 47614 requires a district to use unrestricted general fund revenues to rent, buy, or lease facilities for charter students.)

**Note 9 - Long-Term Debt**

**Summary**

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

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025	Due in One Year
General obligation bonds	\$ 255,875,000	\$ -	\$ (13,890,000)	\$ 241,985,000	\$ 14,775,000
State school building loan	432,953	-	(106,625)	326,328	107,694
Unamortized debt premiums	19,834,589	-	(912,675)	18,921,914	912,675
Finance purchase	1,238,549	-	(227,564)	1,010,985	243,702
<b>Total</b>	<b>\$ 277,381,091</b>	<b>\$ -</b>	<b>\$ (15,136,864)</b>	<b>\$ 262,244,227</b>	<b>\$ 16,039,071</b>

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

**General Obligation Bonds**

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2024	Redemptions	Bonds Outstanding June 30, 2025	Due in One Year
6/14/2012	2/1/2027	3.0-5.0%	18,545,000	9,170,000	(1,995,000)	7,175,000	2,190,000
8/24/2016	8/1/2046	2.0-4.0%	60,000,000	44,900,000	-	44,900,000	-
3/1/2018	8/1/2040	4.0-5.0%	67,000,000	57,395,000	-	57,395,000	-
10/16/2019	8/1/2041	2.625-4.0%	41,500,000	40,400,000	(1,000,000)	39,400,000	1,105,000
10/16/2019	8/1/2029	1.817-2.384%	16,000,000	14,010,000	(2,150,000)	11,860,000	2,320,000
8/1/2023	8/1/2052	5.00%	90,000,000	90,000,000	(8,745,000)	81,255,000	9,160,000
				<b>\$ 255,875,000</b>	<b>\$ (13,890,000)</b>	<b>\$ 241,985,000</b>	<b>\$ 14,775,000</b>

**Debt Service Requirements to Maturity**

The bonds mature through 2053 as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2026	\$ 14,775,000	\$ 9,947,403	\$ 24,722,403
2027	14,900,000	9,322,510	24,222,510
2028	4,305,000	8,776,726	13,081,726
2029	4,750,000	8,635,076	13,385,076
2030	5,320,000	8,477,935	13,797,935
2031-2035	23,755,000	39,823,604	63,578,604
2036-2040	40,730,000	33,739,279	74,469,279
2041-2045	63,805,000	23,678,283	87,483,283
2046-2050	50,100,000	9,942,088	60,042,088
2049-2053	19,545,000	2,010,000	21,555,000
Total	<u>\$ 241,985,000</u>	<u>\$ 154,352,903</u>	<u>\$ 396,337,903</u>

**Series 2023 Bonds**

The District received authorization to issue bonds in an aggregate principal amount not to exceed \$298,000,000, intended to finance the specific school facilities projects detailed in the ballot measure approved by voters on November 8, 2022, as well as to cover certain bond issuance costs. The Series 2023 bonds constitute the first series issued under this authorization. These bonds will mature through fiscal year 2053 and bear an interest rate of 5.00%.

**State and Public-School Building Loans**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest to Maturity</u>	<u>Total</u>
2026	\$ 107,694	\$ 2,995	\$ 110,689
2027	108,773	1,916	110,689
2028	109,861	827	110,688
<b>Total</b>	<b>\$ 326,328</b>	<b>\$ 5,738</b>	<b>\$ 332,066</b>

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

**Finance Purchase**

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 243,702	\$ 24,765	\$ 268,467
2027	260,660	17,851	278,511
2028	278,476	10,460	288,936
2029	228,147	2,706	230,853
<b>Total</b>	<b>\$ 1,010,985</b>	<b>\$ 55,782</b>	<b>\$ 1,066,767</b>



**Note 10 - Fund Balances**

Fund balances are composed of the following elements on June 30, 2025:

	General Fund	Building Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Nonmajor Governmental Funds	Total
<b>Nonspendable</b>							
Leases	\$ 201,988	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 201,988
Revolving cash	75,000	-	-	-	-	-	75,000
Stores inventories	4,498	-	-	-	-	121,111	125,609
Prepaid expenditures	83,201	346,763	-	-	-	-	429,964
Total nonspendable	<u>364,687</u>	<u>346,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>121,111</u>	<u>832,561</u>
<b>Restricted</b>							
Education	9,335,921	-	-	-	-	3,817,031	13,152,952
Food service	-	-	-	-	-	4,468,010	4,468,010
Capital projects	-	73,784,280	20,221,008	10,771,172	-	14,510,435	119,286,895
Debt services	-	-	-	-	21,726,617	-	21,726,617
Student body activities	146,570	-	-	-	-	-	146,570
Total restricted	<u>9,482,491</u>	<u>73,784,280</u>	<u>20,221,008</u>	<u>10,771,172</u>	<u>21,726,617</u>	<u>22,795,476</u>	<u>158,781,044</u>
<b>Assigned</b>							
Carryover of unspent funds	1,843,781	-	-	-	-	-	1,843,781
Total assigned	<u>1,843,781</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,843,781</u>
<b>Unassigned</b>							
Reserve for economic uncertainties	4,597,845	-	-	-	-	-	4,597,845
Remaining unassigned	90,867	-	-	-	-	-	90,867
Total unassigned	<u>4,688,712</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,688,712</u>
Total	<u>\$ 16,379,671</u>	<u>\$ 74,131,043</u>	<u>\$ 20,221,008</u>	<u>\$ 10,771,172</u>	<u>\$ 21,726,617</u>	<u>\$ 22,916,587</u>	<u>\$ 166,146,098</u>

**Note 11 - Postemployment Benefits Other Than Pensions (OPEB)**

As of June 30, 2025, 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
\$ 35,993,529	\$ 3,554,772	\$ 5,864,371	\$ 3,017,833

**General Information About the OPEB Plan**

**Plan Description**

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

**Benefits Provided**

The District contributes to PEMHCA on behalf of each retiree eligible for PEMHCA. The contribution was \$149/month for calendar 2025. 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, 2023, valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits payments	368
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	754
Total	1,122

**Total OPEB Liability**

The District's total OPEB liability of \$35,993,529 was measured as of June 30, 2024 and was determined by an actuarial valuation as of June 30, 2023.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability was calculated using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50	%
Salary increases	3.00	%, average, including inflation
Discount rate	3.97	%
Investment rate of return	3.97	%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	5.50	% for 2024, 5.25 percent for 2025-2029, 5.00 percent for 2030-2039, 4.75 percent for 2040-2049, 4.50 percent for 2050-2069, and 4.00 percent for 2070 and later years; Medicare ages: 4.50 percent for 2023-2029 and 4.00 percent for 2030 and later years.

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.

**Discount Rate**

The discount rate applied to measure the total OPEB liability was 3.97 percent, which is an increase from the previous rate of 3.86 percent. The calculation assumed District contributions would follow a pay-as-you-go approach. As the plan is unfunded, the discount rate was determined using the Municipal Bond 20 Year High Grade Rate Index.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance, June 30, 2024	\$ 34,081,581
Service cost	2,268,966
Interest	1,378,532
Changes of assumptions or other inputs	(448,783)
Benefit payments	(1,286,767)
Net change in total OPEB liability	1,911,948
Balance, June 30, 2025	\$ 35,993,529

**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 (2.97%)	\$ 40,433,152
Current discount rate (3.97%)	35,993,529
1% increase (4.97%)	32,295,211

**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 (4.5%)	\$ 31,306,548
Current trend rate (5.5%)	35,993,529
1% increase (6.5%)	41,841,382

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$3,017,833. On June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ 1,900,159	\$ -
Differences between expected and actual experience	-	(1,128,029)
Changes of assumptions	1,654,613	(4,736,342)
<b>Total</b>	<b>\$ 3,554,772</b>	<b>\$ (5,864,371)</b>

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
2026	\$ (837,488)
2027	(1,309,162)
2028	(1,584,251)
2029	(136,597)
2030	(136,597)
Thereafter	(205,663)
<b>Total</b>	<b>\$ (4,209,758)</b>

**Note 12 - Risk Management**

**Property and Liability**

The District is exposed to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2025, the District contracted with San Mateo County Schools Insurance Group (SMCSIG) for property and liability insurance coverage. SMCSIG is self-insured retention for up to \$250,000 per occurrence. SMCSIG purchases coverage for liability insurance from CSAC Excess Insurance Authority (CSAC EIA) for claims in excess of \$250,000 and up to \$5 million. In addition, excess liability coverage is provided through Schools Excess Liability Fund (SELF) for claims in excess of \$5 million and up to \$55 million.

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

**Workers' Compensation**

For fiscal year 2025, the District participated in the San Mateo County Schools Insurance Group, a workers' compensation insurance purchasing pool. Claims liability is covered by Protected Insurance Program for Schools (PIPS) with minimal individual liability to the District. The intent of the San Mateo County Schools Insurance Group is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the San Mateo County Schools Insurance Group. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the San Mateo County Schools Insurance Group. Each participant pays its workers' compensation premium based on its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage. A participant will then either receive money from or be required to contribute to the "equity-pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the San Mateo County Schools Insurance Group.

**Note 13 - Employee Retirement Systems**

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, 2025, 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	\$ 48,287,277	\$ 16,880,845	\$ 7,966,251	\$ 4,070,012
CalPERS	50,662,708	18,456,387	1,407,919	9,748,567
Total	<u>\$ 98,949,985</u>	<u>\$ 35,337,232</u>	<u>\$ 9,374,170</u>	<u>\$ 13,818,579</u>

The details of each plan are as follows:

**California State Teachers' Retirement System (CalSTRS)**

**Plan Description**

The District contributes to the State Teachers Retirement Plan (STRP) administered by the California State Teachers' Retirement System (CalSTRS). STRP is a cost-sharing multiple-employer public employee retirement system defined benefit pension plan. Benefit provisions are established by State statutes, as legislatively amended, within the State Teachers' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2023, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at:

<https://www.calstrs.com/forms-publications>.

**Benefits Provided**

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the state is the sponsor of the STRP and obligor of the trust. In addition, the state is both an employer and nonemployer contributing entity to the STRP.

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

The STRP provisions and benefits in effect at June 30, 2025, are summarized as follows:

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

**Contributions**

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1% of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30 2025, are presented above and the District's total contributions were \$9,193,470.

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

At June 30, 2025, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	\$ 48,287,277
State's proportionate share of the net pension liability	22,154,369
Total	\$ 70,441,646



The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating member districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.0719% and 0.0709%, resulting in a net increase in the proportionate share of 0.0010%.

For the year ended June 30, 2025, the District recognized pension expense of \$4,070,012. In addition, the District recognized pension expense and revenue of \$2,016,896 for support provided by the State. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Pension contributions subsequent to measurement date	\$ 9,193,470	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,014,089	2,361,985
Differences between projected and actual earnings on pension plan investments	-	194,837
Differences between expected and actual experience in the measurement of the total pension liability	5,461,913	2,111,575
Changes of assumptions	211,373	3,297,854
	<u>\$ 16,880,845</u>	<u>\$ 7,966,251</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:

<u>Year Ended June 30,</u>	<u>Deferred Outflows/(Inflows) of Resources</u>
2026	\$ (3,237,042)
2027	3,898,601
2028	(318,078)
2029	(538,318)
	<u>\$ (194,837)</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
2026	\$ (346,441)
2027	55,951
2028	68,845
2029	(32,302)
2030	294,846
Thereafter	(124,938)
Total	\$ (84,039)

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

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 2007 through June 30, 2022
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 is based off generational mortality tables that reflect expected future improvements in mortality and includes a base table and a projection table. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among our members. The projection table reflects the expected annual reduction in mortality rates at each age. The current mortality assumption uses a base year of 2023, and projected improvement is based on the MP–2021 Ultimate Projection Scale.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. The assumed asset allocation and best estimates of the expected rates of return for each major asset class for the year ended June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.05%

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10%) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	\$ 85,887,265
Current discount rate (7.10%)	48,287,277
1% increase (8.10%)	16,889,727

**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, 2023 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	On or before December 31, 2012	On or after January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	27.05%	27.05%

**Contributions**

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented above and the total District contributions were \$8,475,094.

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

As of June 30, 2025, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling \$50,662,708. The net pension liability was measured as of June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2024 and June 30, 2023, respectively was 0.1418% and 0.1361%, resulting in a net increase in the proportionate share of 0.0057%.

For the year ended June 30, 2025, the District recognized pension expense of \$9,748,567. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred of Resources
Pension contributions subsequent to measurement date	\$ 8,475,094	\$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	2,646,194	1,045,328
Differences between projected and actual earnings on pension plan investments	1,967,954	-
Differences between expected and actual experience in the measurement of the total pension liability	4,247,328	362,591
Changes of assumptions	1,119,817	-
Total	\$ 18,456,387	\$ 1,407,919

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
2026	\$ (16,965)
2027	3,059,720
2028	(452,112)
2029	(622,689)
Total	\$ 1,967,954

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 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 3,443,988
2027	1,696,260
2028	1,465,172
Total	\$ 6,605,420

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

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

The mortality table used was developed based on CalPERS-specific data. The rates incorporate Generational Mortality to capture ongoing mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries.

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. 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 - cap-weighted	30%	4.54%
Global equity non-cap-weighted	12%	3.84%
Private equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed securities	5%	0.50%
Investment grade corporates	10%	1.56%
High yield	5%	2.27%
Emerging market debt	5%	2.48%
Private debt	5%	3.57%
Real assets	15%	3.21%
Leverage	-5%	-0.59%

**Discount Rate**

The discount rate used to measure the total pension liability was 6.90%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the SEP’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on the School Employer Pool investments was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	\$ 75,259,876
Current discount rate (6.90%)	50,662,708
1% increase (7.90%)	30,343,490

**On Behalf Payments**

The State of California makes contributions to CalSTRS on behalf of the District. The state contribution for fiscal year ending June 30, 2024 was \$4,473,449. The CalSTRS on behalf contribution is reported in the general fund as state revenue and pension expenditure.

**Note 14 - 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, 2025.



**Litigation**

The District is involved in various litigation arising from the normal course of business. In the opinion of management and legal counsel, the disposition of all litigation pending is not expected to have a material adverse effect on the overall financial position of the District at June 30, 2025.

**Construction Commitments**

As of June 30, 2025, the District has commitments for capital construction projects totaling approximately \$2 million.

**Note 15 - 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, 2025, the District made payments of \$2.73 million to SMCSIG JPA for workers' compensation premiums and \$1.38 million for dental and vision premiums.

**Note 16 - Change Within the Reporting Entity**

Changes to the financial reporting entity led to the Child Development Fund being classified as a nonmajor fund rather than a major fund. Conversely, the County School Facilities Fund is now considered a major fund instead of a nonmajor fund. This resulted in adjustments to and restatements of beginning fund balances in the table below:

	Child Development Fund	County School Facilities Fund	Nonmajor Governmental Funds
Beginning, as previously reported on July 1, 2024	\$ 1,918,540	\$ -	\$ 29,504,289
Change within the financial reporting entity	(1,918,540)	23,165,144	(21,246,604)
Beginning, as Restated on July 1, 2024	<u>\$ -</u>	<u>\$ 23,165,144</u>	<u>\$ 8,257,685</u>

Required Supplementary Information  
June 30, 2025

## Redwood City School District

Redwood City School District  
 Budgetary Comparison Schedule – General Fund  
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variances - Positive (Negative)
	Original	Final		Final to Actual
<b>Revenues</b>				
Local control funding formula	\$ 98,908,439	\$ 98,190,620	\$ 97,956,122	\$ (234,498)
Federal sources	3,387,403	4,615,726	3,779,265	(836,461)
Other State sources	16,528,778	17,536,184	19,133,623	1,597,439
Other local sources	10,165,439	14,655,591	12,861,846	(1,793,745)
Total revenues	<u>128,990,059</u>	<u>134,998,121</u>	<u>133,730,856</u>	<u>(1,267,265)</u>
<b>Expenditures</b>				
<b>Current</b>				
Certificated salaries	53,034,842	51,899,052	52,452,679	(553,627)
Classified salaries	25,727,067	27,516,801	27,428,453	88,348
Employee benefits	36,687,522	37,477,926	36,760,943	716,983
Books and supplies	3,049,909	4,597,420	2,824,283	1,773,137
Services and operating expenditures	24,522,621	33,771,910	34,800,278	(1,028,368)
Other outgo	419,478	419,478	(300,449)	719,927
Capital outlay	-	881,223	-	881,223
Debt service				
Debt service - principal	-	334,189	334,189	-
Debt service - interest and other	-	35,289	35,289	-
Total expenditures	<u>143,441,439</u>	<u>156,933,288</u>	<u>154,335,665</u>	<u>2,597,623</u>
Excess (Deficiency) of Revenues Over expenditures	<u>(14,451,380)</u>	<u>(21,935,167)</u>	<u>(20,604,809)</u>	<u>1,330,358</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	<u>9,725,000</u>	<u>9,300,000</u>	<u>12,700,000</u>	<u>3,400,000</u>
Net financing sources (uses)	<u>9,725,000</u>	<u>9,300,000</u>	<u>12,700,000</u>	<u>3,400,000</u>
Net Change in Fund Balances	(4,726,380)	(12,635,167)	(7,904,809)	4,730,358
Fund Balance - Beginning, as restated	<u>24,284,480</u>	<u>24,284,480</u>	<u>24,284,480</u>	<u>-</u>
Fund Balance - Ending	<u>\$ 19,558,100</u>	<u>\$ 11,649,313</u>	<u>\$ 16,379,671</u>	<u>\$ 4,730,358</u>

Redwood City School District  
Schedule of Changes in the District's Total OPEB Liability and Related Ratios  
Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019
Total OPEB Liability							
Service cost	\$ 2,268,966	\$ 1,749,121	\$ 2,278,218	\$ 2,055,090	\$ 1,614,529	\$ 1,365,799	\$ 1,814,207
Interest	1,378,532	1,261,795	800,947	934,905	1,038,713	1,106,615	923,085
Difference between expected and actual experience	-	(1,323,053)	-	(394,964)	-	(2,166,935)	-
Changes of assumptions	(448,783)	665,399	(8,685,929)	2,045,504	3,092,089	3,185,779	(1,874,358)
Benefit payments	(1,286,767)	(1,422,208)	(1,354,483)	(1,258,478)	(1,164,657)	(1,082,177)	(1,219,608)
Net change in total OPEB liability	1,911,948	931,054	(6,961,247)	3,382,057	4,580,674	2,409,081	(356,674)
Total OPEB Liability - Beginning	34,081,581	33,150,527	40,111,774	36,729,717	32,149,043	29,739,962	30,096,636
Total OPEB Liability - Ending	<u>\$ 35,993,529</u>	<u>\$ 34,081,581</u>	<u>\$ 33,150,527</u>	<u>\$ 40,111,774</u>	<u>\$ 36,729,717</u>	<u>\$ 32,149,043</u>	<u>\$ 29,739,962</u>
Covered-Employee Payroll	<u>\$ 80,529,609</u>	<u>\$ 69,522,248</u>	<u>\$ 63,078,073</u>	<u>\$ 54,444,090</u>	<u>\$ 55,221,208</u>	<u>\$ 56,498,439</u>	<u>\$ 55,703,225</u>
Total OPEB Liability as a Percentage of Covered Payroll	45%	49%	53%	74%	67%	57%	53%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018

*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, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>CalSTRS</b>										
Proportion of the net pension liability	0.0719%	0.0709%	0.0741%	0.0744%	0.0696%	0.0694%	0.0713%	0.0732%	0.0753%	0.0820%
Proportionate share of the net pension liability	\$48,287,277	\$53,974,023	\$51,512,324	\$33,870,775	\$67,453,872	\$62,678,276	\$65,533,452	\$6,766,293	\$60,926,858	\$55,191,692
State's proportionate share of the net pension liability (asset)	22,154,369	25,860,472	25,797,171	17,042,460	34,772,479	34,195,184	37,520,966	40,027,258	34,684,573	29,190,321
Total	\$70,441,646	\$79,834,495	\$77,309,495	\$50,913,235	\$102,226,351	\$96,873,460	\$103,054,418	\$46,793,551	\$95,611,431	\$84,382,013
Covered payroll	\$47,378,068	\$44,463,953	\$43,498,061	\$40,475,963	\$37,987,386	\$37,893,326	\$37,157,034	\$38,775,429	\$37,541,855	\$37,677,883
Proportionate share of the net pension liability as a percentage of its covered payroll	101.92%	121.39%	118.42%	83.68%	177.57%	165.41%	176.37%	17.45%	162.29%	146.48%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%	73%	71%	69%	70%	74%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
<b>CalPERS</b>										
Proportion of the net pension liability	0.1418%	0.1361%	0.1440%	0.1294%	0.1302%	0.1334%	0.1402%	0.1469%	0.1501%	0.1482%
Proportionate share of the net pension liability	\$50,662,708	\$49,281,728	\$49,554,261	\$26,310,841	\$39,939,291	\$38,877,413	\$37,391,485	\$35,065,496	\$29,643,117	\$21,848,267
Covered payroll	\$30,071,004	\$23,758,112	\$22,672,095	\$18,597,324	\$18,847,224	\$18,605,113	\$18,546,191	\$18,730,825	\$18,006,500	\$16,302,064
Proportionate share of the net pension liability as a percentage of its covered payroll	168.48%	207.43%	218.57%	141.48%	211.91%	208.96%	201.61%	187.21%	164.62%	134.02%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%	70%	71%	72%	74%	79%
Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015

Redwood City School District  
Schedule of the District Pension Contributions  
Year Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>CalSTRS</b>										
Contractually required contribution	\$ 9,193,470	\$ 9,049,211	\$ 8,492,615	\$ 7,359,872	\$ 6,536,868	\$ 6,495,843	\$ 6,146,112	\$ 5,361,760	\$ 4,877,949	\$ 4,028,241
Less contributions in relation to the contractually required contribution	9,193,470	9,049,211	8,492,615	7,359,872	6,536,868	6,495,843	6,146,112	5,361,760	4,877,949	4,028,241
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 48,133,351	\$ 47,378,068	\$ 44,463,953	\$43,498,061	\$40,475,963	\$37,987,386	\$37,893,326	\$37,157,034	\$38,775,429	\$37,541,855
Contributions as a percentage of covered payroll	19.10%	19.10%	19.10%	16.92%	16.15%	17.10%	16.22%	14.43%	12.58%	10.73%
<b>CalPERS</b>										
Contractually required contribution	\$ 8,475,094	\$ 8,022,944	\$ 6,027,433	\$ 5,194,177	\$3,849,646	\$ 3,716,861	\$ 3,348,741	\$ 2,880,409	\$ 2,601,337	\$ 2,133,230
Less contributions in relation to the contractually required contribution	8,475,094	8,022,944	6,027,433	5,194,177	3,849,646	3,716,861	3,348,741	2,880,409	2,601,337	2,133,230
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 31,331,216	\$ 30,071,004	\$ 23,758,112	\$22,672,095	\$18,597,324	\$18,847,224	\$18,605,113	\$18,546,191	\$18,730,825	\$18,006,500
Contributions as a percentage of covered payroll	27.05%	26.68%	25.37%	22.91%	20.70%	19.72%	18.00%	15.53%	13.89%	11.85%

## **Note 1 - Purpose of Schedules**

### **Budgetary Comparison Schedule**

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

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

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

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

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

- **Changes in Benefit Terms** – There were no changes in benefit terms since the previous valuation.
- **Changes of Assumptions** – The discount rate was changed as of the 2024 measurement date to 3.97 percent from 3.86 percent as of the 2023 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 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, 2025

## Redwood City School District

Redwood City School District  
Schedule of Average Daily Attendance  
Year Ended June 30, 2025

	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,712.54	2,719.30
Fourth through sixth	1,918.54	1,924.77
Seventh and eighth	1,352.45	1,350.09
Total Regular ADA	<u>5,983.53</u>	<u>5,994.16</u>
Extended Year Special Education		
Transitional kindergarten through third	8.14	8.14
Fourth through sixth	3.68	3.68
Seventh and eighth	1.58	1.58
Total Extended Year Special Education	<u>13.40</u>	<u>13.40</u>
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.96	0.92
Fourth through sixth	10.58	10.87
Seventh and eighth	1.71	1.64
Total Special Education, Nonpublic, Nonsectarian Schools	<u>13.25</u>	<u>13.43</u>
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.11	0.11
Fourth through sixth	1.20	1.20
Seventh and eighth	0.46	0.46
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	<u>1.77</u>	<u>1.77</u>
Total ADA	<u><u>6,011.95</u></u>	<u><u>6,022.76</u></u>

Redwood City School District  
 Schedule of Instructional Time  
 Year Ended June 30, 2025

Grade Level	1986-1987 Minutes Requirement	2024-2025 Actual Minutes	Number of Days Credited Form J-13A	Total Minutes Offered	Traditional Calendar			Status
					Number of Actual Days	Number of Days Credited Form J-13A	Total Days Offered	
Kindergarten	36000	43,365	-	43,365	180	-	180	Complied
Grades 1 - 3	50400							
Grade 1		50,625	-	50,625	180	-	180	Complied
Grade 2		50,625	-	50,625	180	-	180	Complied
Grade 3		50,625	-	50,625	180	-	180	Complied
Grades 4 - 8	54000							
Grade 4		54,250	-	54,250	180	-	180	Complied
Grade 5		54,250	-	54,250	180	-	180	Complied
Grade 6		54,250	-	54,250	180	-	180	Complied
Grade 7		54,250	-	54,250	180	-	180	Complied
Grade 8		54,250	-	54,250	180	-	180	Complied

The District did not file J-13A during FY 2024-25.

Redwood City School District  
Reconciliation of Annual Financial and Budget Report with Audited Financial Statements  
Year Ended June 30, 2025

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There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2025.

Redwood City School District  
Schedule of Financial Trends and Analysis  
Year Ended June 30, 2025

	(Budget) 2026 <sup>1</sup>	2025	2024	2023
General Fund				
Revenues	\$ 133,733,052	\$ 133,730,856	\$ 132,650,791	\$ 141,567,600
Other sources	15,000,000	12,700,000	8,300,000	-
Total revenues and other sources	<u>148,733,052</u>	<u>146,430,856</u>	<u>140,950,791</u>	<u>141,567,600</u>
Expenditures	151,467,845	154,335,665	151,416,256	132,108,981
Total expenditures and other uses	<u>151,467,845</u>	<u>154,335,665</u>	<u>151,416,256</u>	<u>132,108,981</u>
Change in Fund Balance	(2,734,793)	(7,904,809)	(10,465,465)	9,458,619
Ending Fund Balance	<u>\$ 13,644,879</u>	<u>\$ 16,379,672</u>	<u>\$ 24,284,481</u>	<u>\$ 34,749,946</u>
Available Reserves <sup>2</sup>	<u>\$ 4,544,035</u>	<u>\$ 4,688,712</u>	<u>\$ 3,595,006</u>	<u>\$ 10,369,047</u>
Available Reserves as a Percentage of Total Outgo	<u>3.00%</u>	<u>3.04%</u>	<u>2.37%</u>	<u>8.49%</u>
Long-Term Commitments				
Debt	\$ 246,205,156	\$ 262,244,227	\$ 277,381,091	\$ 283,511,531
Direct district obligations				
Net pension liability	98,949,985	98,949,985	103,255,751	101,066,585
Total OPEB liability	34,093,370	35,993,529	34,081,571	33,150,527
Other	-	1,239,339	773,674	693,881
Total Long-Term Liabilities	<u>\$ 379,248,511</u>	<u>\$ 398,427,080</u>	<u>\$ 415,492,087</u>	<u>\$ 418,422,524</u>
K-12 Average Daily Attendance at P-2	<u>5,954</u>	<u>6,012</u>	<u>5,931</u>	<u>5,808</u>

The general fund balance has decreased by \$18,370,274 over the past two years. The fiscal year 2025-2026 budget projects an operating deficit of \$2,734,793. For a district this size, the State recommends available reserves of at least 3% of total general fund expenditures, transfers out, and other uses (total outgo). Total long-term liabilities have decreased by \$19,995,444 over the past two years due mostly to general obligation bonds and pensions. Average daily attendance has increased by 204 over the past two years.

<sup>1</sup> Budget 2026 is included for analytical purposes only and has not been subjected to audit.

<sup>2</sup> Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties.

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

Redwood City School District  
Combining Schedule Balance Sheets – Nonmajor Governmental Funds  
June 30, 2025

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Special Reserve Capital Outlay Fund	Total Nonmajor Governmental Funds
<b>Assets</b>					
Deposits and investments	\$ 5,447,225	\$ 3,941,771	\$ 4,565	\$ 1,292,819	\$ 10,686,380
Receivables	239,132	50,465	238	14,706	304,541
Due from other funds	-	-	-	13,787,986	13,787,986
Due from other governments	66,500	1,103,824	-	-	1,170,324
Stores inventories	-	121,111	-	-	121,111
<b>Total assets</b>	<b>\$ 5,752,857</b>	<b>\$ 5,217,171</b>	<b>\$ 4,803</b>	<b>\$ 15,095,511</b>	<b>\$ 26,070,342</b>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts payable	\$ 36,197	\$ 133,376	\$ (66)	\$ 585,076	\$ 754,583
Due to other funds	716,894	481,283	4,768	-	1,202,945
Due to other governments	-	255	-	-	255
Unearned revenue	1,182,836	13,136	-	-	1,195,972
<b>Total liabilities</b>	<b>1,935,927</b>	<b>628,050</b>	<b>4,702</b>	<b>585,076</b>	<b>3,153,755</b>
<b>Fund Balances</b>					
Nonspendable	-	121,111	-	-	121,111
Restricted	3,816,930	4,468,010	101	14,510,435	22,795,476
<b>Total fund balances</b>	<b>3,816,930</b>	<b>4,589,121</b>	<b>101</b>	<b>14,510,435</b>	<b>22,916,587</b>
<b>Total liabilities and fund balances</b>	<b>\$ 5,752,857</b>	<b>\$ 5,217,171</b>	<b>\$ 4,803</b>	<b>\$ 15,095,511</b>	<b>\$ 26,070,342</b>

Redwood City School District

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

Year Ended June 30, 2025

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	County School Facilities Fund	Special Reserve Capital Outlay Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>						
Federal sources	\$ -	\$ 3,989,470	\$ -		\$ -	\$ 3,989,470
Other State sources	7,965,182	3,284,859	-		-	11,250,041
Other local sources	249,568	273,108	331		97,251	620,258
<b>Total revenues</b>	<b>8,214,750</b>	<b>7,547,437</b>	<b>331</b>		<b>97,251</b>	<b>15,859,769</b>
<b>Expenditures</b>						
Current						
Instruction	5,049,611	-	-		-	5,049,611
Instruction-related activities						
School site administration	830,633	-	-		-	830,633
Pupil services						
Food services	-	7,214,369	-		-	7,214,369
Administration						
All other administration	392,107	265,116	-		-	657,223
Plant services	44,009	-	160,448		-	204,457
Capital outlay	-	-	-		1,192,765	1,192,765
<b>Total expenditures</b>	<b>6,316,360</b>	<b>7,479,485</b>	<b>160,448</b>		<b>1,192,765</b>	<b>15,149,058</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>1,898,390</b>	<b>67,952</b>	<b>(160,117)</b>		<b>(1,095,514)</b>	<b>710,711</b>
<b>Other Financing Sources</b>						
Transfers in	-	-	160,205		13,787,986	13,948,191
<b>Net Financing Sources</b>	<b>-</b>	<b>-</b>	<b>160,205</b>		<b>13,787,986</b>	<b>13,948,191</b>
<b>Net Change in Fund Balances</b>	<b>1,898,390</b>	<b>67,952</b>	<b>88</b>		<b>12,692,472</b>	<b>14,658,902</b>
Fund Balance - Beginning, as previously reported	-	4,521,169	13	23,165,144	1,817,963	29,504,289
Adjustment (Note 17)	1,918,540	-	-	(23,165,144)	-	(21,246,604)
Fund Balance - Beginning, as restated	1,918,540	4,521,169	13		1,817,963	8,257,685
<b>Fund Balance - Ending</b>	<b>\$ 3,816,930</b>	<b>\$ 4,589,121</b>	<b>\$ 101</b>		<b>\$ 14,510,435</b>	<b>\$ 22,916,587</b>



**Note 1 - Purpose of Schedules**

**Schedule of Average Daily Attendance (ADA)**

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

**Schedule of Instructional Time**

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

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

### **Reconciliation of Annual Financial and Budget Report with Audited Financial Statements**

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

### **Schedule of Financial Trends and Analysis**

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

### **Schedule of Charter Schools**

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

### **Schedules of Combining Nonmajor Funds**

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

Other Information  
June 30, 2025

## Redwood City School District

**Organization**

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

**Governing Board**

Redwood City School District is governed by a five-member Board of Trustees elected by the residents of the District. The Board establishes District policies, approves the annual budget, sets educational goals, and provides oversight of the Superintendent.

As of June 30, 2025, the members of the Board of Trustees, their trustee areas, and terms of office were as follows:

Mike Wells, President  
Trustee Area IV  
Term expires November 2028

David Weekly, Vice President  
Trustee Area II  
Term expires November 2026

Cecilia I. Márquez, Clerk  
Trustee Area V  
Term expires November 2026

Jennifer Ng Kwing King, Member  
Trustee Area I  
Term expires November 2028

David Li, Member  
Trustee Area III  
Term expires November 2028

**Administration**

John R. Baker, Ed.D., Superintendent

Wendy Kelly, Deputy Superintendent

Anna Herrera, Assistant Superintendent of Educational Services

Rick Edson, Chief Business Official

Independent Auditor's Reports  
June 30, 2025

# Redwood City School District



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Redwood City School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements and have issued our report thereon December 15, 2025.

**Report on Internal Control over Financial Reporting**

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

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

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

## **Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

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

Menlo Park, California  
December 15, 2025



## Independent Auditor's Report on State Compliance and on Internal Control Over Compliance

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

### Report on Compliance

#### *Opinion on State Compliance*

We have audited Redwood City School District's (District) compliance with the requirements specified in the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2025.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2025.

#### *Basis for Opinion*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

#### *Responsibilities of Management for Compliance*

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



**Auditor’s Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District’s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District’s compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District’s compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.
- Obtain an understanding of the District’s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District’s internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District’s compliance with the state laws and regulations applicable to the following items:

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Independent Study	Not Applicable
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable

2024-2025 K-12 Audit Guide Procedures	Procedures Performed
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Not Applicable
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes
Kindergarten Continuance	Yes
Charter Schools	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

The term “Not Applicable” is used above to mean either the District did not offer the program during the current fiscal year, the District did not participate in the program during the current fiscal year, or the program applies to a different type of local education agency.

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are described in the accompanying Schedule of Findings and Questioned Costs as items 2025-001 and 2025-002. Our opinion on state compliance is not modified with respect to these matters.

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

### **Report on Internal Control over Compliance**

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

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

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

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

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

Schedule of Findings and Questioned Costs  
June 30, 2025

## Redwood City School District

**Financial Statements**

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

**State Compliance**

Internal control over state compliance program	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	Yes
Type of auditor's report issued on compliance for programs:	Unmodified

None reported.

The following findings represent instances of noncompliance and material weaknesses including questioned costs that are required to be reported by the 2024-2025 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting. The findings have been coded as follows:

Five Digit Code	AB 3627 Finding Type
40000	State Compliance
61000	Classroom Teacher Salaries

**2025-001      Noncompliance, Classroom Teacher Salaries**  
Code 40000, 61000

**Criteria**

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

**Condition**

The District’s current education expense for the year 2025 was 55.54%.

**Questioned Costs**

The current education expense is \$127,814,444 times the percentage short of 60% or 4.46%, which equals a \$5,700,524.

**Context**

The District spent 55.54% of its expenditures on the current education expense but was required to pay 60%, creating a shortage of 4.46%. The District has a pending waiver on file with the CDE, and management of the District believes that the District meets the criteria for approval based on “serious hardship to the school district.”

**Effect**

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

**Cause and Recommendation**

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

**Views of Responsible Officials/Corrective Action Plan**

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

**Identification as a Repeat Finding**

This finding was reported in the previous year’s audit.

**2025-002      Noncompliance, Significant Deficiency in Internal Control over State Compliance,  
 Home-to-School Transportation Reimbursement  
 Code 40000, 60000**

**Criteria**

EDC §41850 indicates home-to-school transportation shall include the transportation of pupils between their homes and the regular full-time day school they attend or transportation of pupils between the regular full-time day schools they would attend and the regular full-time occupational training classes they attend, including payment of moneys to others to satisfy these conditions.

**Condition**

The District recorded nonqualifying expenditures to Function 3600.

**Questioned Costs**

See calculation of estimated dollar impact below:

	HTS Transportation Expenditures		
	Total Unadjusted HTS Transportation Expenditures	Total Unallowable HTS Transportation Expenditures	Total Adjusted HTS Transportation Expenditures
HTS Transportation Expenditures	1,886,136	6,000.00	1,880,136.00
Reimbursement percentage pursuant to EC 41850.1(a)(1)	60%		60%
Expenditure Amount for Reimbursement Calculation	1,131,681.60		1,128,081.60
Estimated Dollar Impact			3,600.00

**Context**

The District allocated \$6,000 in expenditures related to field trips to Function 3600, the cost of which should be excluded from this Function.

**Effect**

The District did not comply with Education Code Section §41850 by allocating nonqualifying costs to Function 3600, resulting in approximately \$3,600 additional reimbursements.

**Cause and Recommendation**

We recommend the District return the reimbursement amount related to the nonqualifying expenditures and implement internal control procedures to review expenditures allocated to Function 3600 in the future.

**Views of Responsible Officials/Corrective Action Plan**

**Identification as a Repeat Finding**

No.



Summarized below is the status of all audit findings reported in the prior year state compliance findings.

**2024-001      Noncompliance, material audit adjustments**

**Finding**

The District incorrectly reported its revenue related to federal grant funds and its LCFF funds passed through to charter schools at the end of the fiscal year.

**Current Status**

Resolved.

**2024-002      Noncompliance, Classroom Teacher Salaries**

**Finding**

The District's current education expense for the year 2024 was 54.80% and did not meet the minimum requirement of 60%.

**Current Status**

See current year's finding, item 2025-001.