

CWDL

See what's possible.

REDWOODS COMMUNITY COLLEGE DISTRICT

AUDIT REPORT

JUNE 30, 2025

REDWOODS COMMUNITY COLLEGE DISTRICT

TABLE OF CONTENTS

JUNE 30, 2025

Independent Auditors' Report	1
------------------------------	---

Management's Discussion and Analysis	4
--------------------------------------	---

FINANCIAL SECTION

Basic Financial Statements:

Primary Government

Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14

Discretely Presented Component Unit - College of the Redwoods Foundation

Statement of Financial Position	16
Statement of Activities	17
Statement of Cash Flows	18

Notes to Financial Statements	19
-------------------------------	----

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios	47
--	----

Schedule of Contributions - OPEB	49
----------------------------------	----

Schedule of Proportionate Share of the Net Pension Liability	50
--	----

Schedule of Contributions - Pensions	52
--------------------------------------	----

Note to Required Supplementary Information	54
--	----

SUPPLEMENTARY INFORMATION

District Organizational Structure	55
-----------------------------------	----

Schedule of Workload Measures for State General Apportionment -	
---	--

Annual/Actual Attendance	56
--------------------------	----

Schedule of Expenditures of Federal Awards	57
--	----

Schedule of Expenditures of State Awards	58
--	----

Reconciliation of Education Code Section 84362 (50 Percent Law) Calculation	60
---	----

Reconciliation of the Education Protection Account Expenditures	61
---	----

Reconciliation of Fund Equity to Net Position	62
---	----

Reconciliation of Change in Fund Equity to Changes in Net Position	63
--	----

Notes to Supplementary Information	64
------------------------------------	----

REDWOODS COMMUNITY COLLEGE DISTRICT**TABLE OF CONTENTS****JUNE 30, 2025**

OTHER INDEPENDENT AUDITORS' REPORTS

Independent Auditors' 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>	66
Independent Auditors' Report on Compliance for Each Major Federal Program; and Report on Internal Control over Compliance Required by the Uniform Guidance	68
Independent Auditors' Report on State Compliance and on Internal Control over Compliance for State Programs	71

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Summary of Auditors' Results	75
Financial Statement Findings and Recommendations	76
Federal Award Findings and Questioned Costs	77
State Award Findings and Questioned Costs	78
Schedule of Prior Audit Findings	79

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Redwoods Community College District
Eureka, California

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the aggregate discretely presented component unit of Redwoods Community College District (the "District") as of and for the year ended June 30, 2025, and the related notes to 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 business-type activities and the aggregate discretely presented component unit of the District as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' 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.

Change in Accounting Principle

As discussed in Note 1 to the financial statements, the District adopted GASB Statement No. 101, *Compensated Absences*, which required a restatement of net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America, 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 misstatements, 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 one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' 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 and the Required Supplementary Information section, as listed in the Table of Contents, 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 accompanying supplementary information listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2026, 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.



San Diego, California

January 9, 2026

**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

INTRODUCTION

As required by accounting principles generally accepted in the United States, the annual report consists of three basic financial statements that provide information on Redwoods Community College District (the "District") as a whole: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and the Statement of Cash Flows. The information provided in the management's discussion and analysis is based on the District's basic financial statements and includes all funds except the College of the Redwoods Foundation. Each statement will be discussed separately. Under the business-type activities model of financial reporting, a single entity-wide statement is required to report financial activity for all funds of the District.

ATTENDANCE HIGHLIGHTS

The District's resident Full-Time Equivalent Students (FTES) for fiscal year 2024-25 stood at 3,843 per the District's Annual 320 Report. Since fiscal year 2013-14, enrollments have increased to a cumulative 2.64% increase of students by fiscal year 2024-25. Non-resident enrollments have increased to 172 in 2024-25. Non-residents represented approximately 4.28% of total enrollments for the District.

Credit/Non-Credit Resident and Non-Resident Students					Percent Change		
Academic Year	Resident	Non-Resident	Total	Resident	Non-Resident	Total	
2013-14	3,744	174	3,918	-3.4%	-11.1%	3.7%	
2014-15	3,960	221	4,181	5.8%	27.0%	6.7%	
2015-16	3,636	254	3,890	-8.2%	14.9%	-7.0%	
2016-17	3,952	247	4,199	8.7%	-2.8%	7.9%	
2017-18	3,648	189	3,837	-7.7%	-23.5%	-8.6%	
2018-19	3,533	168	3,701	-3.2%	-11.1%	-3.5%	
2019-20	3,768	178	3,946	6.7%	6.0%	6.6%	
2020-21	2,737	72	2,809	-27.4%	-59.6%	-28.8%	
2021-22	2,567	72	2,639	-6.2%	0.0%	-6.1%	
2022-23	3,103	126	3,229	20.9%	75.0%	22.4%	
2023-24	3,446	142	3,588	11.1%	12.7%	11.1%	
2024-25	3,843	172	4,015	11.5%	21.1%	11.9%	

**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

STATEMENT OF NET POSITION

The statement of net position includes all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting, which is similar to the accounting method used by most private sector organizations. Net position, the difference between assets, deferred outflows of resources, and liabilities and deferred inflows of resources is an indicator of the financial health of a district.

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	2025	2024	Change
Current assets	\$ 142,869,804	\$ 63,917,132	\$ 78,952,672
Non-current assets	164,491,719	155,287,588	9,204,131
Deferred outflows of resources	17,787,868	16,989,600	798,268
Total Assets and Deferred Outflows of Resources	325,149,391	236,194,320	88,955,071
<hr/>			
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Current liabilities	46,830,966	41,433,078	5,397,888
Non-current liabilities	148,596,334	69,905,406	78,690,928
Deferred inflows of resources	3,611,758	3,255,793	355,965
Total Liabilities and Deferred Inflows of Resources	199,039,058	114,594,277	84,444,781
<hr/>			
NET POSITION			
Invested in capital assets, net of related debt	54,078,074	139,430,467	(85,352,393)
Restricted	91,928,869	13,364,306	78,564,563
Unrestricted	(19,896,610)	(31,194,730)	11,298,120
Total Net Position	\$ 126,110,333	\$ 121,600,043	\$ 4,510,290

The \$89.0 million increase in total assets and deferred outflows of resources was caused primarily by an increase in both current and non-current assets. The increase in current assets is primarily related to an increase in cash and cash equivalent by \$73.4 million. The increase in non-current assets was the result of increases to capital assets primarily related to the District's on going capital projects.

Total liabilities and deferred inflows of resources increased by \$84.4 million, which is centered on changes to long-term debt, as well as changes in accounts payable and accrued liabilities.

During fiscal years 2024-25, 2023-24 and 2022-23, the unrestricted fund balance for the general fund exceeded the California Community Colleges Chancellor's Office (Chancellor's Office) minimum prudent unrestricted fund balance guideline of 5%. By June 30, 2025, the ending fund had declined and is at 12.5%.

The District has recorded its actuarially determined annual liability for OPEB according GASB Statement No. 75. Through changes in Board policy and collective bargaining contracts, newly hired employees will not participate in this program. For eligible plan participants, the District funds the current service liability, and may make annual contributions for its prior service liability. The District intends to continue to set funds aside to meet its unfunded accrued liability. The most recent actuarial study of retiree health liabilities was as of June 30, 2024. The unfunded liability is estimated to be approximately \$3.8 million. During fiscal year 2024-25, the District provided \$845 thousand in non-operating revenues and transfers to the employee benefit fund. The fund balance set aside to pay future benefits stood at \$3.08 million at June 30, 2025.

**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The statement of revenues, expenses, and changes in net position presents the operating finances of the District, as well as the non-operating revenues and expenses. State general apportionment funds, while budgeted for operations, are considered nonoperating revenues according to accounting principles generally accepted in the United States of America.

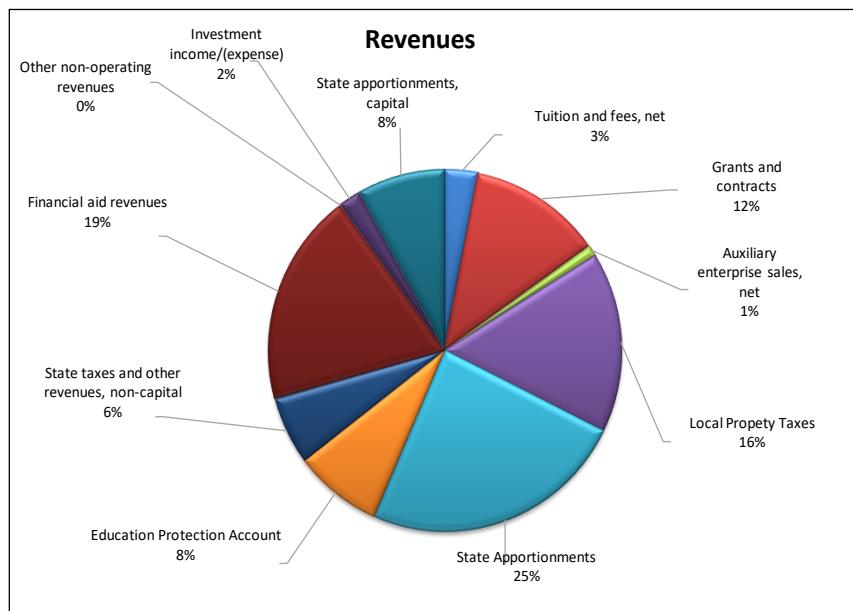
	2025	2024	Change
OPERATING REVENUES			
Tuition and fees, net	\$ 2,777,713	\$ 2,523,719	\$ 253,994
Grants and contracts	11,259,118	14,271,655	(3,012,537)
Auxiliary enterprise sales, net	767,722	737,108	30,614
Total Operating Revenues	14,804,553	17,532,482	(2,727,929)
OPERATING EXPENSES			
Salaries and employee benefits	53,049,181	50,869,336	2,179,845
Supplies, materials, and other operating expenses	8,518,223	9,698,280	(1,180,057)
Payments to students	1,467,806	1,239,101	228,705
Depreciation and amortization	5,139,177	5,031,829	107,348
Total Operating Expenses	68,174,387	66,838,546	1,335,841
Operating Loss	(53,369,834)	(49,306,064)	(4,063,770)
NON-OPERATING REVENUES/(EXPENSES)			
State apportionments, non-capital	22,597,975	22,920,898	(322,923)
Education protection account revenues, non-capital	7,812,414	3,157,622	4,654,792
Local property taxes, non-capital	12,381,124	12,240,418	140,706
State taxes and other revenues, non-capital	6,092,303	5,991,164	101,139
Financial aid revenues	18,196,782	13,736,168	4,460,614
Financial aid expenses	(18,196,782)	(13,736,173)	(4,460,609)
Investment income/(expense)	2,329,949	2,016,181	313,768
Interest expense	(2,210,677)	(858,714)	(1,351,963)
Transfer from/(to) foundation	42,394	(58,479)	100,873
Other non-operating revenues	446,191	659,148	(212,957)
Total Non-Operating Revenues/(Expenses)	49,491,673	46,068,233	3,423,440
OTHER REVENUES/(EXPENSES)			
State apportionments, capital	7,553,827	5,052,378	2,501,449
Local property taxes and revenues, capital	3,048,123	3,779,971	(731,848)
Total Other Revenue/(Expenses)	10,601,950	8,832,349	1,769,601
CHANGES IN NET POSITION			
NET POSITION - BEGINNING OF YEAR	6,723,789	5,594,518	1,129,271
PRIOR PERIOD ADJUSTMENT			
NET POSITION - END OF YEAR	121,600,043	100,933,772	20,666,271
	(2,213,499)	15,071,753	(17,285,252)
	\$ 126,110,333	\$ 121,600,043	\$ 4,510,290

The net position increased by \$4.5 million or about 4% from fiscal year 2023-24 to fiscal year 2024-25. This is primarily attributable to additional increases in state apportionment, noncapital and overall revenues exceeding operating expenses during 2024-25.

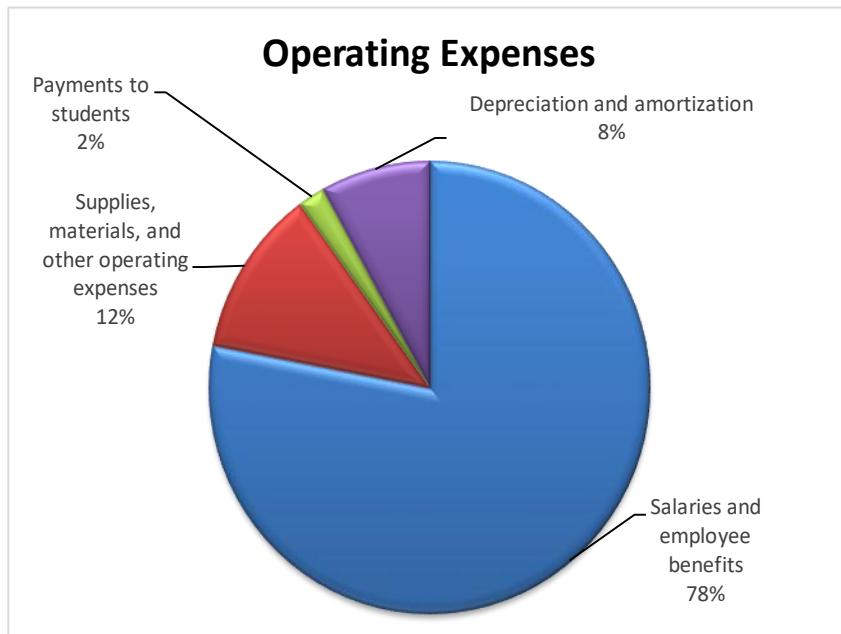
**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION, continued

Below is a chart that shows the distribution of the District's revenue, with state apportionment accounting for 25% of total revenues, which is a decrease of 1% from the prior year.



Total operating expenses increased by \$1.34 million, or 2%, primarily due to a \$2.2 million, or 4% increase in salaries and employee benefits. Below is a chart showing the breakout of operating expenses as of June 30, 2025.



**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

STATEMENT OF CASH FLOWS

The statement of cash flows provides information about cash receipts and cash payments during the fiscal year. This statement also helps users assess the District's ability to generate net cash flows, its ability to meet its obligations as they come due, and the need for external financing.

	2025	2024	Change
CASH PROVIDED BY/(USED IN)			
Operating activities	\$ (52,585,610)	\$ (44,999,310)	\$ (7,586,300)
Non-capital financing activities	133,821,146	54,282,276	79,538,870
Capital financing activities	(10,163,808)	(3,399,596)	(6,764,212)
Investing activities	2,329,949	2,016,181	313,768
Net Increase/(Decrease) in Cash and Cash Equivalents	\$ 73,401,677	\$ 7,899,551	\$ 65,502,126

The District's cash and cash equivalents balance increased by \$73.4 million. This is primarily due to the issuance of the 2024 General Obligation Bonds – Series 2025 amounting \$80.0 million.

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE

The State implemented a new funding formula for California Community Colleges in 2018-19. This new formula, referred to as the Student-Centered Funding Formula (SCFF), no longer bases California Community College Apportionment Revenue solely on FTES. The SCFF also factors in several Student Success and Supplemental metrics for total apportionment. Initially, the SCFF had only been favorable for a few districts, while most had to rely on the Hold Harmless and Stability revenue protections. The original Hold Harmless provision expired after the 2024-25 fiscal year and has been replaced with a new revenue protection that sets a district's revenue floor at the 2024-25 Total Computational Revenue (TCR) amount. Unlike the original Hold Harmless, this new provision does not include COLA increases. Despite the large State deficit, included in the 2025-26 enacted State budget was a COLA of 2.30%. SCFF metric rates were increased by COLA. The result is that the SCFF was favorable for more districts in 2024-25. At the 2024-25 Period 2 Apportionment Report, 40 Districts were funded by SCFF, 16 were funded by Hold Harmless, and 16 were funded by Stability. As a comparison, in 2023-24, 24 Districts were funded by SCFF, 11 were funded by Hold Harmless, and 37 were funded by Stability.

Due to the COVID-19 pandemic, the District experienced a significant enrollment decline in the 2020-21 and 2021-22 academic years. In 2019-20, FTES had been 3,781. It declined to 2,749 in 2020-21 and further declined to 2,567 in 2021-22. Fortunately, the Chancellor's Office provided districts with the opportunity to participate in an Emergency Conditions Allowance (ECA) provision for FTES. The provision allows districts to utilize 2019-20 FTES for the 2020-21, 2021-22, and 2022-23 FTES figures in the SCFF 3-year calculation. Since then, the District has deployed several tactics to restore FTES. The college has engaged in efforts such as realigning course scheduling with student needs, directing resources toward recruitment, outreach, and retention efforts, and ensuring supports are in place for student success. The District also introduced new sports, new academic programs, and is expanding dual-enrollment opportunities to help grow and sustain FTES. As a result of these efforts, 2022-23 FTES increased to 3,104, 2023-24 it further increased to 3,446, and in 2024-25 FTES grew to 3,843, surpassing the target of 3,781 FTES. Given that 2024-25 TCR would become the new Hold Harmless floor, it was critical that the District meet or exceed the target.

**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE, continued

In January of 2020, prior to the pandemic, the Governor's 2020-21 budget proposal included a COLA, one-time funds, and a budget surplus. Just a few months later, when the Governor released the May revise, the State was looking at a budget deficit, and spending cuts of about 8% were proposed for community colleges. The cuts were replaced by apportionment deferrals in the enacted State 2020-21 budget, allowing community colleges to operate without cuts but with the reliance on reserves, other funds, or borrowing. As a result of the deferrals, the District had to participate in a \$4 million Tax and Revenue Anticipation Note to ensure there was adequate cash flow for operations.

The 2021-22 enacted State budget, when compared to the Governor's January 2021 proposal, was surprisingly robust due to revenue performance that was better than expected. The COLA estimate increased from the 1.5% January estimate, to 5.07%. The new COLA rate included a catch-up amount for 2020-21 and a small COLA for 2021-22. The budget also included the payback of the revenue deferrals so the District had adequate cash flow to pay the TRAN funds back upon maturity. The District's ability to participate in the Emergency Conditions Allowance provision for FTES protections made the SCFF more favorable for the District than Hold Harmless, despite the decline in enrollment, resulting in an estimated SCFF revenue of \$31.217 million.

The 2022-23 enacted State budget was even more robust than the previous year due to an anticipated continuation of strong revenue performance. The Budget included a 6.56% COLA with additional investments in community college base funding and significant one-time funds for specific purposes such as Physical Plant and Instructional Support. As was mentioned previously, the District was able to participate in the ECA for 2022-23 due to lost enrollments, which made the SCFF favorable for the District. Actual FTES for 2022-23 was 3,103, which is a significant improvement from actual FTES for 2021-22 of 2,567, and enrollments continued to recover in 2023-24 to 3,446.

While there are several factors that indicate the State has moved on from the pandemic, there is still ongoing uncertainty about the future of the economy. While the 2021-22 and 2022-23 State budgets included surpluses, the 2023-24 State budget was enacted based on an estimated deficit of \$31.5 billion. The deficit was mostly driven by lower than estimated revenue levels. To help balance the budget, the State reduced 2022-23 Physical Plant and Instructional Support and Retention and Enrollment program funds significantly. Despite the estimated deficit, the enacted budget included an 8.22% COLA to help mitigate the impacts of inflation.

The State's actual Revenues continue to underperform budgeted amounts, with revenue collections lagging projections substantially. The decline has been compounded by the extended tax filing deadlines. As a result the State's 2024-25 enacted budget was based on an estimated \$45 billion budget deficit.

The 2025-26 enacted State budget reflects a slowdown in state revenue receipts and uncertainty of federal impacts. The budget addresses an estimated \$12 billion deficit. The projected deficit is based on stock market volatility, potential impacts of federal tariffs, increases in state costs, and possible federal cuts. Through a combination of drawing down on reserves, fund shifts, program reduction, borrowing, and deferrals the deficit is addressed. Despite the need to budget conservatively the enacted budget reflects a slight increase in overall funding for community colleges over 2024-25. The budget includes no major reductions for Community Colleges and a 2.3% COLA for the SCFF and for select Categorical Programs, \$40 million for SCFF growth, and a few one-time categorical programs.

**REDWOODS COMMUNITY COLLEGE DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

ECONOMIC FACTORS THAT MAY AFFECT THE FUTURE, continued

The economic uncertainty and the challenges associated with the District's ability to continue to recover and retain FTES, create significant complications with multi-year budget planning. The District will continue to build annual budgets assuming conservative state revenue amounts, ensuring that staff salaries and benefits and operational needs are met. PERS and STRS increases are built into the annual budget, as are funds to cover OPEB obligations.

The District's economic condition is driven primarily by the level of state support provided to the California community colleges system, by the District's enrollment and performance results, and by the District's ability to control costs. A fundamental goal for the District is to strike a balance between taking care of employees by way of salary increases and managing costs so that expenditures do not outpace revenue growth and the fund balance continues to be sufficient. An additional goal is for the District to implement initiatives that will increase the District's student success metrics in-line with the Chancellor's Office Vision 2030.

While the District mostly relies upon state support there is some reliance upon federal funding for specific programs such as Upward Bound and TRiO. Given the current climate at the federal level there is an amount of uncertainty surrounding the continuance of federally funded programs. The District has already made certain changes to help curtail the impact of federal cuts and continues to assess the situation at the federal level.

By continually monitoring the fiscal environment and updating the multi-year forecast revenue and expense assumptions with new information as it becomes available and taking the necessary budget actions, the District will be positioned to build and maintain a healthy fund balance and have revenue levels that meet operational needs.

The District is continuing long-term capital investments with a recently completed Creative Arts Complex that was funded with state capital outlay funds. In addition, the District received state capital outlay construction phase funds in the fall of 2024 for the Physical Education Complex and Fieldhouse. The District has also completed phase I of the Community Stadium Upgrade project that has widened the field, replaced the natural grass with artificial turf, reconfigured and resurfaced the track, and added infrastructure for future upgrades. The District has updated the Educational Master Plan, which identified strategies to ensure the District maintains relevancy in the educational market, and has finalized an updated Facilities Master Plan. As a result of these updated plans, leadership pursued and passed a \$120 million Measure I General Obligation Bond in the November, 2024 election. Leadership is also working to secure \$28 million Affordable Student Housing funds from the State that will help build a new Student Housing Facility with increased capacity. Measure I fund will be used in conjunction with the state dollars to fully fund the new Student Housing project. Measure I will also be used to fund the Del Norte Healthcare and Revitalization project, Old Admin/Forum Building Demolition project, Baseball/Softball Field Site Work project, and Phase II of the Community Stadium Upgrade. With these efforts, the District is positioned to capitalize on opportunities in the future as enrollments continue to recover and grow.

FINANCIAL SECTION

REDWOODS COMMUNITY COLLEGE DISTRICT**STATEMENT OF NET POSITION****JUNE 30, 2025****ASSETS**

Current Assets:

Cash and cash equivalents	\$ 118,374,801
Restricted cash and cash equivalents	12,483,434
Accounts receivable, net	10,988,124
Inventories	994,366
Prepaid expenditures and other assets	29,079
Total Current Assets	<u>142,869,804</u>

Non-current Assets:

Right-to-use assets, net	1,067,416
Capital assets, net	<u>163,424,303</u>
Total Non-current Assets	<u>164,491,719</u>
TOTAL ASSETS	<u>307,361,523</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred loss on refunding	132,312
Deferred outflows related to OPEB	649,044
Deferred outflows related to pensions	<u>17,006,512</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>17,787,868</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 325,149,391</u>

LIABILITIES

Current Liabilities:

Accounts payable and accrued liabilities	\$ 7,717,034
Advances from grantors and students	30,760,256
Compensated absences, current portion	2,572,451
Long-term debt, current portion	5,781,225
Total Current Liabilities	<u>46,830,966</u>

Non-current Liabilities:

Compensated absences, non-current portion	725,136
Net OPEB liability	3,809,502
Net pension liability	40,134,936
Long-term debt, non-current portion	<u>103,926,760</u>
Total Non-current Liabilities	<u>148,596,334</u>
TOTAL LIABILITIES	<u>195,427,300</u>

DEFERRED INFLOWS OF RESOURCES

Deferred gain on refunding	725,537
Deferred inflows related to OPEB	415,773
Deferred inflows related to pensions	<u>2,470,448</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>3,611,758</u>

NET POSITION

Net investment in capital assets	54,078,074
Restricted for:	
Debt service	11,598,341
Capital projects	80,179,168
Other restrictions	151,360
Unrestricted	<u>(19,896,610)</u>
TOTAL NET POSITION	<u>126,110,333</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	<u>\$ 325,149,391</u>

REDWOODS COMMUNITY COLLEGE DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

OPERATING REVENUES

Tuition and fees, gross	\$ 5,528,398
Less: Scholarship discounts and allowances	(2,750,685)
Tuition and fees, net	<u>2,777,713</u>
Grants and contracts, non-capital:	
Federal	2,280,123
State	8,807,346
Local	171,649
Auxiliary enterprise sales, net	767,722
TOTAL OPERATING REVENUES	<u>14,804,553</u>

OPERATING EXPENSES

Salaries	36,491,232
Employee benefits	16,557,949
Supplies, materials, and other operating expenses	8,518,223
Payments to students	1,467,806
Depreciation and amortization	5,139,177
TOTAL OPERATING EXPENSES	<u>68,174,387</u>

OPERATING INCOME/(LOSS)

NON-OPERATING REVENUES/(EXPENSES)

State apportionments, non-capital	22,597,975
Education protection account revenues, non-capital	7,812,414
Local property taxes, non-capital	12,381,124
State taxes and other revenues, non-capital	6,092,303
Financial aid revenues	18,196,782
Financial aid expenses	(18,196,782)
Investment income/(expense)	2,329,949
Interest expense	(2,210,677)
Transfer from/(to) Foundation	42,394
Other non-operating revenues	446,191
TOTAL NON-OPERATING REVENUES/(EXPENSES)	<u>49,491,673</u>

INCOME/(LOSS) BEFORE OTHER REVENUES/(EXPENSES)

OTHER REVENUES/(EXPENSES)

State apportionments, capital	7,553,827
Local property taxes and revenues, capital	3,048,123

TOTAL OTHER REVENUES/(EXPENSES)

CHANGES IN NET POSITION

NET POSITION - BEGINNING OF YEAR

PRIOR PERIOD ADJUSTMENT (NOTE 14)

NET POSITION - END OF YEAR

\$ 126,110,333

**REDWOODS COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$ 2,928,706
Federal grants and contracts	1,963,379
State grants and contracts	2,153,801
Local grants and contracts	(380,718)
Payments to or on behalf of employees	(52,544,977)
Payments to vendors for supplies and services	(6,005,717)
Payments to students	(1,467,806)
Auxiliary enterprise sales	767,722
Net Cash Provided by/(Used in) Operating Activities	<u>(52,585,610)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State apportionments	22,197,078
Education protection account revenue	7,812,414
Local property taxes	12,381,124
State taxes and other revenues	6,092,303
Financial aid expenses	(18,196,782)
Financial aid revenues	18,196,782
Proceeds from issuance of debt	84,849,642
Other non-operating revenues	488,585
Net Cash Provided by/(Used in) Non-capital Financing Activities	<u>133,821,146</u>

CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES

Acquisition and construction of capital assets	(14,343,308)
State revenue, capital	5,340,328
Local revenue, capital	3,048,123
Principal paid on capital debt	(2,418,386)
Principal paid on leases	(255,102)
Interest paid on capital debt	(1,535,463)
Net Cash Provided by/(Used in) Capital Financing Activities	<u>(10,163,808)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Investment income	2,329,949
Net Cash Provided by/(Used in) Investing Activities	<u>2,329,949</u>

NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	73,401,677
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>57,456,558</u>
	<u>\$ 130,858,235</u>

REDWOODS COMMUNITY COLLEGE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025

**RECONCILIATION OF OPERATING LOSS TO NET CASH
 PROVIDED BY/(USED IN) OPERATING ACTIVITIES**

Operating income/(loss)	\$ (53,369,834)
Adjustments to Reconcile Operating Loss to Net Cash Provided by/ (Used in) Operating Activities:	
Depreciation and amortization	
Depreciation and amortization	5,139,177
Changes in Assets and Liabilities:	
Accounts receivables, net	(4,786,391)
Inventory	(363,707)
Deferred outflows of resources	(820,320)
Accounts payable and accrued liabilities	3,216,229
Advances from grantors and students	(2,585,272)
Compensated absences	1,936,960
Net OPEB liability	(414,472)
Net pension liability	(184,176)
Deferred inflows of resources	(353,804)
Total Adjustments	<hr/> 784,224
Net Cash Flows Provided by/(Used in) Operating Activities	<hr/> <hr/> \$ (52,585,610)

**REDWOODS COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
COLLEGE OF THE REDWOODS FOUNDATION
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2025**

ASSETS

Cash and cash equivalents	\$ 3,600,878
Cash held by trust	4,695,321
Investments	1,759,379
Accounts receivable, net	135,226
TOTAL ASSETS	<u>\$ 10,190,804</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 21,565
Accrued liabilities	3,181
Deferred revenue	236,722
Total current liabilities	<u>261,468</u>

Non-current liabilities:

Long-term debt	1,500,000
Total non-current liabilities	<u>1,500,000</u>
TOTAL LIABILITIES	<u>1,761,468</u>

NET ASSETS

Net assets without donor restrictions	3,342,842
Net assets with donor restrictions	5,086,494
TOTAL NET ASSETS	<u>8,429,336</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 10,190,804</u>

**REDWOODS COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
COLLEGE OF THE REDWOODS FOUNDATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025**

	Net Assets		Net Assets		Total	
	Without Donor		With Donor			
	Restrictions	Restrictions	Restrictions	Restrictions		
SUPPORT AND REVENUE						
Donations	\$ 145,839	\$ 709,634	\$ 855,473			
Auxiliary enterprise sales, net	532,339	-	532,339			
Investment income	540,395	104,474	644,869			
Special projects	191,753	-	191,753			
Student fees	368,267	-	368,267			
Miscellaneous revenue	221,038	-	221,038			
In-kind donations	109,337	-	109,337			
Transfers	39,904	-	39,904			
Total Support and Revenue	2,148,872	814,108	2,962,980			
EXPENSES						
Operating expenses	2,581,569	-	2,581,569			
Program expenses	60,135	-	60,135			
Fundraising expenses	37,798	-	37,798			
Total Expenses	2,679,502	-	2,679,502			
Change in Net Assets	(530,630)	814,108	283,478			
Net Assets - Beginning of Year	3,873,472	4,272,386	8,145,858			
Net Assets - End of Year	\$ 3,342,842	\$ 5,086,494	\$ 8,429,336			

**REDWOODS COMMUNITY COLLEGE DISTRICT
DISCRETELY PRESENTED COMPONENT UNIT
COLLEGE OF THE REDWOODS FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2025**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 283,478
Reconciliation to net cash provided by/(used in) operating activities:	
Net gain/(loss) in the fair value of investments	209,447
Change in Assets and Liabilities	
Accounts receivable	417,961
Other current assets	(507,555)
Accounts payable	10,455
Unearned revenue	82,631
Net Cash Provided by/(Used in) Operating Activities	496,417

CASH FLOWS FROM INVESTING ACTIVITES

Purchase of investments	(510,575)
Proceeds from sale of investments	220,000
Net cash used in investing activities	(290,575)

Net Increase/(Decrease) in Cash and Cash Equivalents	205,842
Cash and Cash Equivalents - Beginning of Year	3,395,036
Cash and Cash Equivalents - End of Year	\$ 3,600,878

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity: Redwoods Community College District (the "District") is a political subdivision of the state of California and provides higher education in portions of three counties. The District consists of one community college with one educational center and three branches located throughout the service area.

For financial reporting purposes, the District includes all funds, agencies, and authorities that are controlled by, or dependent on, the District's executive and legislative branches. Control by or dependence on the District was determined on the basis of budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the District, obligations of the District to finance any deficits that may occur, or receipt of significant subsidies from the District.

The financial statements of the District include the financial activities of the District and the combined totals of the trust and agency funds, which represent the various scholarships and student organizations within the District.

The College of the Redwoods Financing Corporation (the "Corporation") and the College of the Redwoods Foundation (the "Foundation"), collectively known as the Component Units, have financial and operational relationships that meet the reporting entity definition criteria of the Governmental Accounting Standards Board (GASB).

The following are those aspects of the relationship between the District and the component units that satisfy the GASB:

Accountability: The Foundation operates under a master agreement with the District in accordance with the *California Education Code* requirements. The District is able to impose its will upon the Foundation. The Foundation provides specific financial benefits or imposes specific financial burdens on the District.

Scope of Public Service: The component units are nonprofit, public benefit corporations incorporated under the laws of the state of California. The Foundation was formed to promote and assist the educational services of the District. The Corporation was formed for the sole purpose of providing financing assistance to the District for construction and acquisition of major capital facilities. At the end of the lease term, title of all corporate property will pass to the District for no additional consideration.

Blended Presentation: The funds of separate legal entities that meet the component unit criteria described above, and whose governing body is the same or substantially the same as the District's governing board, or who provide services entirely to the District, are blended into the District's funds by appropriate activity type to compose the primary government presentation. For financial purposes, the Corporation's financial activities have been blended into the reporting activity of the District's report.

Discrete Presentation: Funds of separate legal entities that meet the component unit criteria described above, but do not meet the criteria for blending, are discretely presented with the financial activities of the District. For financial presentation purposes, the Foundation's financial activities have been discretely presented.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Basis of Presentation and Accounting The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District elected to follow GASB pronouncements and not Financial Accounting Standards Board (FASB) pronouncements after November 30, 1989.

For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities (BTA). Accordingly, the District's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of the related cash flows. All significant intra-agency transactions have been eliminated.

Exceptions to the accrual basis of accounting are as follows:

In accordance with industry standards provided by the California Community Colleges Chancellor's Office, summer session tuition and fees received before year end are recorded as advances from students as of June 30 with the revenue being reported in the fiscal year in which the program is predominately conducted. Summer session expenditures through June 30 are recorded as prepaid expenses.

The budgetary and financial accounts of the District are recorded and maintained in accordance with the *Budget and Accounting Manual* issued by the California Community Colleges Chancellor's Office.

Cash and Cash Equivalents The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

In accordance with *California Education Code*, Section 41001, the District maintains substantially all of its cash in the Humboldt County Treasury (the "County") as part of the common investment pool. The County is restricted by *California Government Code*, Section 53635 pursuant to Section 53601, to invest in time deposits, U.S. government securities, state registered warrants, notes, or bonds, State Treasurer's investment pool, bankers' acceptances, commercial paper, negotiable certificates of deposit, and repurchase or reverse repurchase agreements. Investments in the County pool are valued using the amortized cost method (which approximates fair value) and include accrued interest. The pool has deposits and investments with a weighted-average maturity of less than three years. As of June 30, 2025, the fair value of the County pool was 97.98% of the carrying value. An adjustment to reflect the fair market value based on GASB Statement No. 31 - *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, was made for the year ending June 30, 2025. Information regarding the amount of dollars invested in derivatives with the County was not available. The County investment pool is subject to regulatory oversight by the Treasury Oversight Committee, as required by *California Government Code*, Section 27130. The District is considered to be an involuntary participant in the external investment pool.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Investments GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, provides that amounts held in external investment pools be reported at fair value. However, cash in the County treasury is recorded at the value of the pool shares held, which approximates the fair value of the underlying cash and investments of the pools.

All other investments are reported at fair value based on quoted market prices with realized and unrealized gains or losses reported in the statement of revenues, expenses, and changes in net position.

Restricted Cash and Cash Equivalents Restricted cash and cash equivalents includes amounts restricted for the repayment of debt, for use in the acquisition or construction of capital assets, for restricted programs, for any other restricted purpose, or in any funds restricted in purpose per the *California Community Colleges Budget and Accounting Manual*.

Accounts Receivable Accounts receivable consists mainly of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the state of California. Accounts receivable also include amounts due from the federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the District's grants and contracts. The District provides for an allowance for uncollectible accounts as an estimation of amounts that may not be received. The allowance for uncollectible accounts is calculated by applying certain percentages to each aging group. The allowance was estimated at \$773,144 and \$164,413 for the year ended June 30, 2025, for the District and Foundation, respectively.

Inventories Inventories consist of building lots and construction in progress of residential homes as part of the District's instructional programs in the construction trades. These assets are acquired for construction of student-built houses and resold upon completion of construction.

Prepaid Expenditures and Other Assets Certain payments to vendors for costs applicable to future accounting periods are recorded as prepaid items using the consumption method.

Right-to-Use Assets The District has recorded intangible right-to-use assets as a result of implementing GASB 87 and 96. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease.

Capital Assets Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. Where historical cost is not available, estimated historical cost is based on replacement cost reduced for inflation. Capitalized equipment includes all items with a unit cost of \$5,000 or more and estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

Capital Assets, continued

Depreciation of capitalized assets is computed using the straight-line method over the estimated useful lives of the assets, generally 50 years for buildings and improvements, 10 years for site improvements, 3 to 8 years for equipment and vehicles, and 5 years for library books and film

Advances From Grantors and Students Advances from grantors and students include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year that relate to the subsequent accounting period. Advances of revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Amounts Held for Others Amounts held for others represent funds held by the District for the Associated Students' fund.

Compensated Absences Accumulated unpaid employee vacation benefits are accrued as a liability as the benefits are earned. The entire compensated absence liability is reported on the entity-wide financial statements. The current portion of unpaid compensated absences is recognized upon the occurrence of relevant events such as employee resignation and retirements that occur prior to year-end that have not yet been paid within the fund from which the employees who have accumulated the leave are paid. The District also participates in "load banking" with eligible academic employees whereby the employee may teach extra courses in one period in exchange for time off in another period. The liability for this benefit is reported on the entity-wide financial statements.

GASB Statement No. 101 requires that liabilities for compensated absences be recognized for [1] leave that has not been used and [2] leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if [a] the leave is attributable to services already rendered, [b] the leave accumulates, and [c] the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

Flow Assumption: When determining the amounts due within one year for sick leave, accumulated sick leave as of June 30, 2025 is assumed to be used before future sick leave accruals (i.e. First In, First Out). The amount due within one year for vacation leave is based on the expected accumulated vacation leave to be cashed out upon the end of employment in the following year.

Sick leave is accumulated without limit for each employee based upon negotiated contracts. Leave with pay is provided when employees are absent for health reasons; however, the employees do not gain a vested right to accumulated sick leave. Employees are never paid for any sick leave balance at termination of employment or any other time. Therefore, the value of accumulated sick leave is not recognized as a liability in the District's financial statements. However, retirement credit for unused sick leave is applicable to all classified school members who retire after January 1, 1999. At retirement, each member will receive 0.004 year of service credit for each day of unused sick leave. Retirement credit for unused sick leave is applicable to all employees and is determined by dividing the number of unused sick days by the number of base service days required to complete the last school year, if employed full time.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Accounts Payable and Accrued Liabilities In general, accounts payables and accrued liabilities once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

Long-Term Debt Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, or the straight-line method if it does not materially differ from the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred. Amortization of bond premium and discount costs was \$1,233,083 for the year ended June 30, 2025.

Pension For purposes of measuring the net pension liability, deferred outflows of resources/deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State Teachers' Retirement Plan (STRP) and California Public Employees' Retirement System (CalPERS) and additions to/deductions from STRP's and CalPERS's fiduciary net position have been determined on the same basis as they are reported by California State Teachers' Retirement System (CalSTRS) and CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable with the benefit terms. Investments are reported at fair value.

Fair Value Measurements The District categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs.

Postemployment Benefits Other Than Pensions (OPEB) For purposes of measuring the net OPEB liability/(asset), deferred outflows of resources related to OPEB and deferred inflows of resources related to OPEB, and OPEB expense/(benefit) have been determined by an independent actuary. For this purpose, benefit payments are recognized when currently due and payable in accordance with the benefit terms.

Generally accepted accounting principles require the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used:

Valuation date	June 30, 2023
Measurement date	June 30, 2024

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Deferred Outflows/Inflows of Resources In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period, which will only be recognized as an outflow of resources (expense) in the future. District pension and OPEB contributions, subsequent to the measurement date, are reported as deferred outflows of resources in the government-wide statement of net position. District contributions, subsequent to the measurement date, will be amortized during the next fiscal year.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and would only be recognized as an inflow of resources (revenue) at that time.

Changes in proportion and differences between District contributions and proportionate share of pension contributions, the District's proportionate share of the net difference between projected and actual earnings on pension plan investments, changes in assumptions, and the differences between the District's expected and actual experience are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over the estimated service lives of the pension plan participants.

Differences between projected and actual earnings on OPEB plan investments, changes in assumptions, and the differences between the District's expected and actual experience, are reported as deferred inflows of resources or deferred outflows of resources in the government-wide statement of net position. These amounts are amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided OPEB through the OPEB plan.

A deferred gain/(loss) on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter life of the refunded or refunding debt.

The amount expected to be received as a remainder beneficiary of a charitable remainder trust is offset on the statement of net position by a deferred inflow. The deferred inflow will be adjusted annually based on the present value of the amount to be received. Once the terms of the agreement have been met, the beneficial interest in the charitable remainder trust and the related deferred inflow will be cleared and any resulting gain or loss will be recognized.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net Position The District's net position is classified as follows:

Net Investment in Capital Assets: This represents the District's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component net investment in capital assets.

Restricted Net Position - Non-expendable: Consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may be expended or added to principal depending on donor stipulations.

Restricted Net Position - Expendable: Restricted net position expendable represents resources which are legally or contractually obligated to be spent in accordance with restrictions imposed by external third parties.

Unrestricted Net Position: Unrestricted net position represents resources derived from student tuition and fees, state apportionments, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the District, and may be used at the discretion of the governing board to meet current expenses for any purpose.

Then an expense is incurred that can be paid using either restricted or unrestricted resources, the District's policy is to first apply the expense toward restricted resources, and then toward unrestricted resources.

Classification of Revenues The District has classified its revenues as either operating or non-operating. Certain significant revenue streams relied upon for operations are recorded as non-operating revenues, including state appropriations, local property taxes, and investment income.

Revenues are classified according to the following criteria:

Operating Revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as: (1) student tuition and fees, net of scholarship discounts and allowances; (2) sales and services of auxiliary enterprises; and (3) most federal, state, and local grants and contracts, and federal appropriations.

Non-operating Revenues: Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources.

Scholarship Discounts and Allowances Student tuition and fee revenue are reported net of scholarship discounts and allowances in the statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances represent the difference between stated charges for goods and services provided by the District and the amount that is paid by students and/or third parties making payments on the students' behalf.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

State Apportionments Certain current-year apportionments from the state are based on various financial and statistical information of the previous year as well as state budgets and other factors outside the District's control. Annually, in February, subsequent to the year end, the state performs a recalculation based on actual financial and statistical information for the year just completed. The District's policy is to estimate the recalculation correction to apportionment, if any, based on factors it can reasonably determine such as local property tax revenue received and changes in full-time equivalent students. Any additional corrections determined by the state are recorded in the year computed by the state.

Estimates The preparation of 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 basic financial statements and accompanying notes. Actual results may differ from those estimates.

Property Taxes 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 if paid after December 10 and April 10. Unsecured property taxes are payable in one installment on or before August 31. The respective counties bill and collect the taxes for the District.

Budget and Budgetary Accounting By state law, the District's governing board must approve a tentative budget no later than July 1, and adopt a final budget no later than September 15 of each year. A hearing must be conducted for public comments prior to adoption. The District's governing board satisfied these requirements.

The budget is revised during the year to incorporate categorical funds that are awarded during the year and miscellaneous changes to the spending plans. The District's governing board approves revisions to the budget.

On-Behalf Payments GASB Statement 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, requires that direct on-behalf payments for fringe benefits, and salaries made by an entity to a third-party recipient for the employees of another legally separate entity, be recognized as revenue and expenditures by the employer government. The state of California makes direct on-behalf payments for retirement benefits to CalSTRS and CalPERS on behalf of all community college districts in California. The amount reported in the basic financial statements as of June 30, 2025, was \$1,223,300.

Adoption of New Accounting Standards

The following GASB Pronouncements were adopted by the District during the year ended June 30, 2025:

GASB Statement No. 101 – In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The financial impact of this Statement is reflected in Notes 8 and 14.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, *continued*

*Adoption of New Accounting Standards, *continued**

GASB Statement No. 102 – In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this Statement is to provide users of government financial statements with information about risks related to a government's vulnerabilities due to certain concentrations or constraints that is essential to their analyses for making decisions or assessing accountability. A government should disclose in notes to financial statements the information if the following criteria have been met; (a) a concentration or constraint is known to the government prior to the issuance of the financial statements and makes the reporting unit vulnerable to the risk of a substantial impact, (b) an event or events associated with the concentration or constraint that could cause a substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. Management has determined that the adoption of this statement did not have any material impact on District's financial statements.

Upcoming GASB Pronouncements

The GASB has issued several pronouncements that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements of the District.

GASB Statement No. 103 – In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement also addresses certain application issues. This statement is effective for periods beginning after June 15, 2025.

GASB Statement No. 104 – In September 2024, GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of government financial statements with essential information about certain types of capital assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. This statement also requires additional disclosures for capital assets held for sale. This statement is effective for periods beginning after June 15, 2025.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The cash and cash equivalents were as follows:

	Primary	
	Government	Foundation
Cash and cash equivalents	\$ 118,374,801	\$ 10,055,578
Restricted cash and cash equivalents	12,483,434	-
Total Cash and Cash Equivalents	<u>\$ 130,858,235</u>	<u>\$ 10,055,578</u>

The carrying amount of the cash, cash equivalents and investments is summarized as follows:

	Primary	
	Government	Foundation
Cash in county treasury	\$ 129,815,847	\$ 3,506,896
Cash with fiscal agent	818,092	4,695,321
Cash on hand and in banks	224,296	93,982
Investments	-	1,759,379
Total	<u>\$ 130,858,235</u>	<u>\$ 10,055,578</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.

As provided by the *California Education Code*, Section 41001, a significant portion of the District's cash balances of most funds is deposited with the Humboldt County Treasurer for the purpose of increasing interest earned through County investment activities.

Copies of the County's audited financial statements can be obtained from the Humboldt County Auditor-Controller's Office, 825 5th Street, Eureka, California, 95501.

The pooled treasury has regulatory oversight from the Humboldt County Treasury Oversight Committee in accordance with *California Government Code* requirements.

The *California Government Code* requires California banks and savings and loans associated to secure the District's deposits by pledging government securities as collateral. The market value of pledged securities must equal at least 110 percent of an entity's deposits. California law also allows financial institutions to secure an entity's deposits by pledging first trust deed mortgage notes having a value of 150 percent of an entity's total deposits.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS, continued

All cash held by financial institutions is collateralized by securities that are held by the broker or dealer, or by its trust department or agent, but not in the District's name. The District's investments are as follows:

	Fair Value	Level 1	Level 2	Level 3
Investment in Humboldt County Treasury	\$ 129,815,847	\$ -	\$ 129,815,847	\$ -

The Foundation's investments were as follows:

	Fair Value	Level 1	Level 2	Level 3
Investment securities:				
Bank sweep	\$ 9,383	\$ 9,383	\$ -	\$ -
Mutual funds	1,323,981	1,323,981	-	-
Fixed income	411,290	411,290	-	-
Assets held by others	4,695,321	-	-	4,695,321
Investment in Humboldt County Treasury	3,506,896	-	3,506,896	-
Total Investments	\$ 9,946,871	\$ 1,744,654	\$ 3,506,896	\$ 4,695,321

Following is a description of the valuation methodologies used for assets measured at fair value:

Assets Held By Others: Each beneficiary in the investment pool held by Humboldt Area Foundation (the "Community Foundation") is assigned units based on the fair market value of the assets at the time they are transferred to the Community Foundation. Shares in the investment pool are valued daily based on the underlying securities owned. The investments in the investment pool are primarily made up of mutual funds, common stocks, and other miscellaneous investments.

Certificate of Deposit: The fair value of the certificate of deposit is recorded at amortized cost.

Custodial Credit Risk - Deposits

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. The District and Foundation do not have a deposit policy for custodial credit risk. As of June 30, 2025, the District and Foundation's bank balances were fully insured.

Primary Institution – Credit Risk - Investments

California Government Code, Section 53601, limits investments in commercial paper to "prime" quality of the highest ranking, or of the highest letter and numerical rating as provided, by nationally recognized statistical rating organizations (NRSRO), and limits investments in medium-term notes to a rating of A or better. Individual securities must be backed by the federal government or rated AAA, AA, or A by Standard & Poor's or Aaa, Aa, or A by Moody's indices.

The District has no investment policy that would further limit its investment choices.

The District's investment in the County investment pool is unrated.

REDWOODS COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2025**

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS, continued**Interest Rate Risk – Investments**

California Government Code, Section 53601, limits the District's investments to maturities of five years. As of June 30, 2025, the District had no investments with maturities greater than five years.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following:

	Primary	
	Government	Foundation
Tuition and fees, net	\$ 1,541,733	\$ 118,506
State apportionments	2,189,479	-
Federal grants and contracts	1,373,919	-
State grants and contracts	502,770	-
State grants, capital	4,511,038	-
Other sources	869,185	16,720
Total Accounts Receivable, Net	\$ 10,988,124	\$ 135,226

NOTE 4 – RIGHT-TO-USE ASSETS

The amount of lease assets by major class of underlying assets as of June 30, 2025, was as follows:

	Balance July 1, 2024			Balance June 30, 2025
		Additions	Deductions	
Right-to-Use Assets				
Leased equipment	\$ 306,037	\$ -	\$ -	\$ 306,037
Leased buildings	1,288,349	567,357	136,262	1,719,444
Leased software	2,592,201	296,221	-	2,888,422
Total Right-to-Use Assets	4,186,587	863,578	136,262	4,913,903
Less: Accumulated Amortization				
Leased equipment	301,125	4,910	-	306,035
Leased buildings	881,202	316,637	136,262	1,061,577
Leased software	1,852,309	626,566	-	2,478,875
Total Accumulated Amortization	3,034,636	948,113	136,262	3,846,487
Right-to-Use Assets, Net	\$ 1,151,951	\$ (84,535)	\$ -	\$ 1,067,416

REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 – CAPITAL ASSETS

Capital asset activity is summarized as follows:

	Balance July 1, 2024	Additions	Deductions	Balance June 30, 2025
Capital Assets Not Being Depreciated				
Land	\$ 267,612	\$ -	\$ -	\$ 267,612
Construction in progress	72,845,123	12,117,389	29,930,089	55,032,423
Total Capital Assets Not Being Depreciated	73,112,735	12,117,389	29,930,089	55,300,035
 Capital Assets Being Depreciated				
Site improvements	11,168,880	-	-	11,168,880
Buildings and improvements	122,385,301	30,651,446	-	153,036,747
Equipment	16,979,054	545,196	-	17,524,250
Vehicles	2,123,543	95,788	-	2,219,331
Library books and film	464,948	-	-	464,948
Total Capital Assets Being Depreciated	153,121,726	31,292,430	-	184,414,156
Less: Accumulated depreciation	72,098,824	4,191,064	-	76,289,888
Capital Assets, Net	\$ 154,135,637	\$ 39,218,755	\$ 29,930,089	\$ 163,424,303

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consisted of the following:

	Primary Government
Accrued payroll and related liabilities	\$ 1,448,028
Accrued interest	1,103,705
Construction projects	3,530,027
Vendor and other payables	1,635,274
Total accounts payable and accrued liabilities	\$ 7,717,034

NOTE 7 – ADVANCES FROM GRANTORS AND STUDENTS

Advances from grantors and students consisted of the following:

	Primary Government
Tuition and fees	\$ 1,488,578
Federal grants and contracts	184,007
State grants and contract	26,379,976
Other	2,707,695
Total advances from grantors and students	\$ 30,760,256

REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 – LONG-TERM DEBT

The following is a summary of changes in non-current liabilities:

	Balance		Adjusted Balance		Balance	Due Within	
	July 1, 2024	Adjustment	July 1, 2024	Additions			One Year
General Obligation Bonds							
2014 Refunding bonds	\$ 13,065,000	\$ -	\$ 13,065,000	\$ -	\$ 13,065,000	\$ -	\$ -
2023 Refunding bonds	4,940,000		4,940,000		480,000	4,460,000	545,000
2024 Refunding bonds	-		-	10,830,000	-	10,830,000	1,795,000
2024 GO Bonds - Series 2025	-		-	80,000,000	-	80,000,000	-
Unamortized premium	1,624,402	-	1,624,402	5,786,685	1,233,083	6,178,004	360,041
Total General Obligation Bonds	19,629,402	-	19,629,402	96,616,685	14,778,083	101,468,004	2,700,041
Other Long-Term Liabilities							
Certificates of participation	7,410,000		7,410,000		-	125,000	7,285,000
Compensated absences	1,360,627	2,213,499	3,574,126		-	276,539	3,297,587
Lease liabilities	446,241	-	446,241	567,357	472,996	540,602	181,155
Subscription liability	763,842	-	763,842	296,221	645,684	414,379	197,578
Total Other Long-Term Debt	9,980,710	2,213,499	12,194,209	863,578	1,520,219	11,537,568	3,081,184
Total Long-Term Debt	\$ 29,610,112	\$ 2,213,499	\$ 31,823,611	\$ 97,480,263	\$ 16,298,302	\$ 113,005,572	\$ 5,781,225

The annual debt service requirements to maturity on the general obligation bond issues are as follows:

General Obligation Bonds

The 2023 Refunding Bonds mature as follows:

Year Ending		Principal		Interest		Total
June 30,						
2026	\$ 545,000	\$ 209,375	\$ 754,375			
2027	615,000	180,375	795,375			
2028	695,000	147,625	842,625			
2029	785,000	110,625	895,625			
2030	870,000	69,250	939,250			
2031-2035	950,000	23,750	973,750			
Total	\$ 4,460,000	\$ 741,000	\$ 5,201,000			

The 2024 Refunding Bonds mature as follows:

Year Ending		Principal		Interest		Total
June 30,						
2026	\$ 1,795,000	\$ 446,235	\$ 2,241,235			
2027	1,675,000	409,875	2,084,875			
2028	1,760,000	324,000	2,084,000			
2029	1,840,000	234,000	2,074,000			
2030	1,935,000	139,625	2,074,625			
2031-2035	1,825,000	92,375	1,917,375			
Total	\$ 10,830,000	\$ 1,646,110	\$ 12,476,110			

REDWOODS COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2025**

NOTE 8 – LONG-TERM DEBT, continued**General Obligation Bonds, continued**

On May 13, 2025, \$80 million in general obligation bonds was authorized under Election of 2024 General Obligation Bonds, Series 2025, with associated premium at issuance of \$4,849,642. These bonds mature as follows:

Year Ending		Principal	Interest	Total
June 30,				
2026	\$ -	\$ 2,958,679	\$ 2,958,679	
2027	4,710,000	4,010,138	8,720,138	
2028	1,255,000	3,861,013	5,116,013	
2029	-	3,829,638	3,829,638	
2030	-	3,829,638	3,829,638	
2031-2035	-	19,148,190	19,148,190	
2036-2040	6,670,000	18,409,440	25,079,440	
2041-2045	12,730,000	16,033,190	28,763,190	
2046-2050	21,310,000	11,753,289	33,063,289	
2051-2055	33,325,000	4,667,633	37,992,633	
Total	\$ 80,000,000	\$ 88,500,848	\$ 168,500,848	

Certificate of Participation

The Certificate of Participation matures as follows:

Year Ending		Principal	Interest	Total
June 30,				
2026	\$ 130,000	\$ 326,163	\$ 456,163	
2027	135,000	319,663	454,663	
2028	145,000	312,913	457,913	
2029	150,000	305,663	455,663	
2030	160,000	298,163	458,163	
2031-2035	920,000	1,363,313	2,283,313	
2036-2040	1,175,000	1,110,763	2,285,763	
2041-2045	1,440,000	840,713	2,280,713	
2046-2050	1,775,000	511,475	2,286,475	
2051-2053	1,255,000	111,344	1,366,344	
Total	\$ 7,285,000	\$ 5,500,173	\$ 12,785,173	

Compensated Absences

The liability for compensated absences consists of unused vacation and sick leave that is expected to be used in future periods or paid upon termination, in accordance with employee collective bargaining agreements and District policy.

At June 30, 2025, the liability recorded for compensated absences was \$3,297,587.

REDWOODS COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2025**

NOTE 8 – LONG-TERM DEBT, continued**Leases**

The District has entered into agreements to lease certain assets. The lease agreements qualify as other than short-term leases under GASB 87 and 96, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception. The general terms are as follows:

Lease Type	Number of			Lease Terms	Average Annual Lease Payment
	Contracts	Average Rate			
Equipment	1	4.00%		8/11/2020 - 8/10/2025	\$ 5,407
Buildings	2	4.00%		11/13/2020 - 6/30/2029	345,574
Software	13	2.52%		7/1/2022 - 6/1/2028	662,800

Future minimum lease payments on noncancelable leases at June 30, 2025 are as follows:

Year Ending June					
30,	Principal	Interest		Total	
2026	\$ 181,155	\$ 17,080		\$ 198,235	
2027	113,188	12,318		125,506	
2028	119,717	7,671		127,388	
2029	126,542	2,758		129,300	
Total	\$ 540,602	\$ 39,827		\$ 580,429	

Future minimum payments for subscription liability at June 30, 2025 are as follows:

Year Ending June					
30,	Principal	Interest		Total	
2026	\$ 197,578	\$ 7,612		\$ 205,190	
2027	194,091	2,052		196,143	
2028	20,527	184		20,711	
2029	2,183	17		2,200	
Total	\$ 414,379	\$ 9,865		\$ 424,244	

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS

Qualified employees are covered under cost-sharing, multiple-employer defined benefit pension plans maintained by agencies of the state of California. Certificated employees are members of CalSTRS and classified employees are members of CalPERS.

For the fiscal year ended June 30, 2025, the District reported its proportionate share of the net pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources for each of the above plans as follows:

Pension Plan	Collective		Collective		Collective
	Collective Net Pension Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	Pension Expense	
CalSTRS	\$ 14,751,814	\$ 6,363,728	\$ 2,049,039	\$ 1,610,264	
CalPERS	25,383,122	10,642,784	421,409	4,937,587	
Total	\$ 40,134,936	\$ 17,006,512	\$ 2,470,448	\$ 6,547,851	

California State Teachers' Retirement System (CalSTRS)

Plan Description Certificated employees of the District participate in STRP, a cost-sharing, multiple-employer public employee retirement system defined benefit pension plan administered by CalSTRS.

Benefit provisions are established by state statute, as legislatively amended, within the State Teachers' Retirement Law. CalSTRS issues a publicly available financial report that can be obtained at www.calstrs.com.

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

The STRP is comprised of four programs: Defined Benefit Program, Defined Benefit Supplement Program, Cash Balance Benefit Program, and Replacement Benefits Program. The STRP holds assets for the exclusive purpose of providing benefits to members and beneficiaries of these programs. CalSTRS also uses plan assets to defray reasonable expenses of administering the STRP. Although CalSTRS is the administrator of the STRP, the State is the sponsor of the STRP and obligor of the trust. In addition, the State is both an employer and non-employer contributing entity to the STRP. The District contributes exclusively to the STRP Defined Benefit Program; thus, disclosures are not included for the other plans.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Benefits Provided, continued

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

	STRP Defined Benefit Plan	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 60	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	60	62
Monthly benefits as a percentage of eligible compensation	2.00% - 2.40%	2.00% - 2.40%
Required employee contribution rate	10.25%	10.21%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.83%	10.83%

Contributions The parameters for employer and state contribution rates for the DB Program are set by the California Legislature and the Governor and detailed in the Teachers' Retirement Law. Current contribution rates were established by California Assembly Bill 1469 (CalSTRS Funding Plan), which was passed into law in June 2014 and established a schedule of contribution rate increases shared among members, employers and the state to bring CalSTRS toward full funding by 2046. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the District's total contributions were \$2,911,339.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

Related to Pensions At June 30, 2025, the District reported a net pension liability for its proportionate share of the net pension liability that reflected a reduction for state pension support provided by 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:

District's proportionate share of the net pension liability	\$ 14,751,814
State's proportionate share of the net pension liability	
associated with the District	6,768,286
Total	\$ 21,520,100

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 college districts and the State, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.0220 percent and 0.0200 percent, respectively, resulting in a net increase of 0.0020 percent in the proportionate share.

REDWOODS COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2025**

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued**California State Teachers' Retirement System (CalSTRS), continued*****Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, continued***

For the year ended June 30, 2025, the District recognized pension expense of \$1,610,264. In addition, the District recognized revenue and corresponding expense of \$617,700 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ -	60,270
Differences between expected and actual experience	1,668,809	645,496
Changes in assumptions	64,574	1,007,406
Net changes in proportionate share of net pension liability	1,719,006	335,867
District contributions subsequent to the measurement date	2,911,339	-
Total	\$ 6,363,728	\$ 2,049,039

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/(inflows) of resources related to pensions will be recognized as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ (847,454)
2027	1,682,320
2028	414,353
2029	79,736
2030	146,752
Thereafter	(72,357)
Total	\$ 1,403,350

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Assumptions Total pension liability for STRP was determined by applying update procedures to a 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
Investment rate of return / discount rate	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%
Payroll growth	3.25%
Postretirement benefit increases	2.00%

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 investment rate of return assumption was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class/strategy. Expected real rates of return are net of our 2.75% inflation assumption and are derived from best-estimate ranges of 20- to 30-year geometrically linked expected returns. These best-estimate ranges were developed using capital market assumptions from CalSTRS investment staff and investment consultants as inputs to the process. The actuarial investment rate of return assumption was adopted by the board in January 2024 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent 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/strategy as of June 30, 2024, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-term Expected Rate of Return*	Long-term Expected Real Rate of Return**
Public Equity	38%	8.00%	5.25%
Real Estate	15%	6.80%	4.05%
Private Equity	14%	9.50%	6.75%
Fixed Income	14%	5.20%	2.45%
Risk Mitigating Strategies	10%	5.00%	2.25%
Inflation Sensitive	7%	6.40%	3.65%
Cash/Liquidity	2%	2.80%	0.05%
Total	100%		

*20 to 30 year geometric average.

**Real rates of return are net of assumed 2.75% inflation.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

California State Teachers' Retirement System (CalSTRS), continued

Actuarial Assumptions, continued

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

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

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Plan's net pension liability	\$ 26,238,649	\$ 14,751,814	\$ 5,159,829

California Public Employees' Retirement System (CalPERS)

Plan Description Classified employees of the District participate in the School Employer Pool (the "Plan") under CalPERS, a cost-sharing, multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by state statute, as legislatively amended, within the Public Employees' Retirement Law. CalPERS issues a publicly available financial report that can be obtained at www.calpers.ca.gov.

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 55 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 62 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.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

Benefits Provided, continued

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

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.10% - 2.50%	1.00% - 2.50%
Required employee contribution rate	7.00%	7.00%
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 contribution rates are expressed as a percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2025, are presented above, and the total District contributions were \$4,173,607.

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 \$25,383,122. 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 college districts, actuarially determined. The District's proportionate share for the measurement periods of June 30, 2024 and June 30, 2023, was 0.0710 percent and 0.0670 percent, respectively, resulting in a net increase in the proportionate share of 0.0040 percent.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

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

For the year ended June 30, 2025, the District recognized pension expense of \$4,937,587. 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 Inflows of Resources
Difference between projected and actual earnings on plan investments	\$ 985,986	\$ -
Differences between expected and actual experience	2,128,003	181,666
Changes in assumptions	561,053	-
Net changes in proportionate share of net pension liability	2,794,135	239,743
District contributions subsequent to the measurement date	4,173,607	-
Total	\$ 10,642,784	\$ 421,409

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/(inflows) of resources related to pensions will be recognized as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2026	\$ 1,923,097
2027	3,258,483
2028	954,707
2029	(88,519)
Total	\$ 6,047,768

Actuarial Assumptions Total pension liability for the SEP was determined by applying update procedures to a 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
Investment rate of return / discount rate	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 9 – EMPLOYEE RETIREMENT SYSTEMS, continued

California Public Employees' Retirement System (CalPERS), continued

Actuarial Assumptions, continued

The mortality table 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	Real Return Years 1 - 10**
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%
Total	100%	

*An expected inflation of 2.30% used for this period.

**Figures are based on the 2021-22 Asset Liability Management study.

Discount Rate The discount rate used to measure the total pension liability was 6.90 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Based on these assumptions, the School Employer Pool fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

	1% Decrease (5.90%)	Current Discount Rate (6.90%)	1% Increase (7.90%)
Plan's net pension liability	\$ 37,706,840	\$ 25,383,122	\$ 15,202,751

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 10 – STATE AND FEDERAL ALLOWANCES, AWARDS, AND GRANTS

The District has received state and federal funds for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, management believes that any required reimbursements will not be material.

NOTE 11 – JOINT POWERS AUTHORITIES (JPA)

The District participates in property, liability, and workers' compensation insurance programs organized through the Northern California Community Colleges Self-Insurance Authority (NCCCSIA), the Statewide Association of Community Colleges (SWACC), and the Protected Insurance Program for Schools (PIPS). These JPAs are created to provide self-insurance programs to California community colleges.

The District participates in a health insurance benefits program organized by the Self-Insured Schools of California (SISC), which is a JPA, created to provide self-insurance programs for school districts.

The District is a participant in the Schools Association for Excess Risk (SAFER). SAFER is a JPA created to provide services and other items necessary and appropriate for the establishment, operation, and maintenance of a self-funded excess liability fund for public educational agencies, which are parties thereto. Should excess liability claims exceed amounts funded to SAFER by all participants, the District may be required to provide additional funding.

The JPAs are independently accountable for their fiscal matters, and as such, are not component units of the District for financial reporting purposes. Each District member pays a premium commensurate with the level of coverage requested and shares surpluses and deficits proportionate to their participation in the JPA. For the last three years, settled claims have not exceeded insurance coverage, nor has there been any reduction in insurance coverage.

The District participates in the School Project for Utility Rate Reduction (SPURR), a joint powers authority of K-14 districts that aggregates purchasing power of participants in order to reduce natural gas expenditures.

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

The District provides postemployment healthcare benefits for retired employees in accordance with negotiated contracts with the various bargaining units of the District.

For the fiscal year ended June 30, 2025, the District reported net OPEB liability/(asset), deferred outflows of resources, deferred inflows of resources, and OPEB expense/(benefit) for the following plans:

OPEB Plan	Net OPEB Liability/(Asset)	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense/(Benefit)
District Plan	\$ 3,809,502	\$ 649,044	\$ 415,773	\$ (596,830)

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

Plan Description

The Redwoods Community College District Health Plan (the "Plan") is a single-employer defined benefit healthcare plan administered by the District. The District provides medical, dental, and vision insurance coverage to all employees who retire from the District and meet the age and service requirements for eligibility. Group medical coverage is provided for academic retirees hired before January 1, 2008; classified retirees hired before July 1, 2006; and administrative, managerial, and confidential employees hired before September 1, 2006. Group medical coverage is also provided for board members meeting certain eligibility requirements.

Benefits Provided

The eligibility requirements and benefits provided by the Plan are described below.

Applies to Employees Hired	Faculty	Classified	Management
	Before 1/1/2008	Before 7/1/2006	Before 9/1/2006*
Benefit Types Provided	Medical, Dental and Vision Six years, but not beyond age	Medical, Dental and Vision Six years, but not beyond age	Medical, Dental and Vision
Duration of Benefits	65**	65	10 years
Required Service	10 years	10 years	10 years
Minimum Age	55	55	55
Dependent Coverage	Yes	Yes	Yes
District Contribution %	100%	100%	100%***
District Cap	None	None	Post-65 Benefits limited to a cumulative College Contribution of \$13,500

*Board members must have first served before 1/1/1995.

**Certificated employees hired prior to 9/1/1994 receive benefits to age 70. Beyond age 65, 70% of premiums are covered to a maximum of \$13,500.

***Post-65 Premium costs are paid at 70%.

Employees Covered

Employees covered by the benefit terms of the Plan consisted of:

	Number of Participants
Inactive Employees Receiving Benefits	27
Active Employees	44
Total	71

Contributions

The contribution requirements are established and may be amended by the District and the District's bargaining units. The required contribution is based on projected pay-as-you-go financing requirements with an additional amount to prefund benefits as determined annually. For the fiscal year ended June 30, 2025, the District made no contributions to the OPEB trust.

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

Total OPEB Liability

The total OPEB liability of \$3,809,502 was measured as of June 30, 2024. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Valuation date	June 30, 2023
Measurement date	June 30, 2024
Fiscal year	July 1st to June 30th
Actuarial cost methods	Entry age normal cost method
Inflation rate	2.50%
Investment rate of return / discount rate	3.93%
Salary increase	2.75%
Healthcare cost trend rate	4.00%
Mortality	For certificated employees the 2020 CalSTRS mortality tables were used. For classified employees the 2021 CalPERS active mortality for miscellaneous and school employees were used.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93 percent. The discount rate is based on the Bond Buyer 20 Bond Index.

Changes in the Net OPEB Liability/(Asset)

The changes in the net OPEB liability/(asset) for the Plan are as follows:

	Increase/(Decrease)		
	Total OPEB Liability	Total Fiduciary Net Position	Net OPEB Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance July 1, 2023 (Measurement Date)	\$ 4,223,974	\$ -	\$ 4,223,974
Changes for the year:			
Service cost	98,296	-	98,296
Interest	146,550	-	146,550
Employer contributions	-	516,127	(516,127)
Changes of assumptions	(143,191)	-	(143,191)
Expected benefit payments	(516,127)	(516,127)	-
Net change	(414,472)	-	(414,472)
Balance June 30, 2024 (Measurement Date)	\$ 3,809,502	\$ -	\$ 3,809,502

REDWOODS COMMUNITY COLLEGE DISTRICT**NOTES TO FINANCIAL STATEMENTS****JUNE 30, 2025**

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued**Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate**

The following presents the District's net OPEB liability/(asset) calculated using the discount rate of 3.93 percent, as well as the District's net OPEB liability/(asset) if it was calculated using a discount rate that is one percentage point lower (2.93%) or one percentage point higher (4.93%) than the current rate:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	(2.93%)	(3.93%)	(4.93%)
Net OPEB liability/(asset)	\$ 3,974,500	\$ 3,809,502	\$ 3,660,840

Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Healthcare Cost Trend Rates

The following presents the District's net OPEB liability/(asset) calculated using the healthcare cost trend rate of 4.00 percent, as well as the District's net OPEB liability/(asset) if it was calculated using a healthcare trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	1%	Current	1%
	Decrease	Trend Rate	Increase
	(3.00%)	(4.00%)	(5.00%)
Net OPEB liability/(asset)	\$ 3,548,446	\$ 3,809,502	\$ 4,088,249

OPEB Expense/(Benefit), Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense/(benefit) of \$(596,830). At June 30, 2025, the District's deferred outflows of resources and deferred inflows of resources to OPEB from the following sources are:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 230,101
Change in assumptions	10,197	185,672
District contributions subsequent to the measurement date	638,847	-
Total	\$ 649,044	\$ 415,773

REDWOODS COMMUNITY COLLEGE DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2025

NOTE 12 – POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB), continued

OPEB Expense/(Benefit), Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB, continued

Amounts reported as deferred outflows and deferred inflows of resources will be recognized in OPEB expense/(benefit) as follows:

Year Ending June 30,	Deferred Outflows/(Inflows) of Resources	
2026	\$	(323,319)
2027		(30,467)
2028		(30,467)
2029		(21,323)
Total	\$	(405,576)

NOTE 13 – COMMITMENTS AND CONTINGENCIES

The District entered into various operating leases for land, buildings, and equipment. All leases contain termination clauses providing for cancellation upon written notice to lessors. It is expected that in the normal course of business most of these leases will be replaced by similar leases. The District periodically enters into construction commitments which are funded through state grants and/or Measure I Bond funding. At June 30, 2025, outstanding construction commitments was approximately \$48.6 million.

NOTE 14 – PRIOR PERIOD ADJUSTMENT

During fiscal year 2024–25, the District implemented GASB Statement No. 101, *Compensated Absences*. This Statement establishes a new accounting model for compensated absences, requiring governments to recognize a liability when (1) the leave is attributable to services already rendered and (2) it is more likely than not that the leave will be used for time off or otherwise paid/settled.

Implementation of GASB 101 required the District to remove previously recognized liabilities calculated under the vesting method (GASB 16) and replace them with liabilities determined under the new standard. As a result, the District's beginning net position as of July 1, 2024, was restated by the amount of \$(2,213,499).

NOTE 15 – SUBSEQUENT EVENTS

The District evaluated subsequent events from June 30, 2025 through January 9, 2026, the date the financial statements were issued. The District concluded that no subsequent events have occurred that would require recognition or disclosure in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022
Total OPEB liability				
Service cost	\$ 98,296	\$ 165,085	\$ 201,509	\$ 295,764
Interest	146,550	175,013	120,071	127,487
Employer contributions	-	(741,441)	-	673,669
Changes of assumptions	(143,191)	32,861	(385,590)	(391,041)
Benefit payments	(516,127)	(537,747)	(527,778)	(630,867)
Net change in total OPEB liability	(414,472)	(906,229)	(591,788)	75,012
Total OPEB liability, beginning of year	4,223,974	5,130,203	5,721,991	5,646,979
Total OPEB liability, end of year (a)	\$ 3,809,502	\$ 4,223,974	\$ 5,130,203	\$ 5,721,991
Plan fiduciary net position				
Employer contributions	\$ 516,127	\$ 537,747	\$ 527,778	\$ 630,867
Expected benefit payments	(516,127)	(537,747)	(527,778)	(630,867)
Change in plan fiduciary net position	-	-	-	-
Fiduciary trust net position, beginning of year	-	-	-	-
Fiduciary trust net position, end of year (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability/(asset), ending (a) - (b)	\$ 3,809,502	\$ 4,223,974	\$ 5,130,203	\$ 5,721,991
Covered payroll	\$ 5,588,583	\$ 5,918,700	\$ 9,191,273	\$ 8,251,265
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%
Net OPEB liability/(asset) as a percentage of covered payroll	68%	71%	56%	69%

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

REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY/(ASSET) AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30, 2025

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 230,878	\$ 294,270	\$ 286,394	\$ 278,729
Interest	185,963	220,245	232,200	223,133
Employer contributions	(1,575)	(343,734)	-	-
Changes of assumptions	378,038	70,618	(95,709)	-
Benefit payments	(689,803)	(693,419)	(789,420)	(759,077)
Net change in total OPEB liability	103,501	(452,020)	(366,535)	(257,215)
Total OPEB liability, beginning of year	5,543,478	5,995,498	6,362,033	6,619,248
Total OPEB liability, end of year (a)	\$ 5,646,979	\$ 5,543,478	\$ 5,995,498	\$ 6,362,033
Plan fiduciary net position				
Employer contributions	\$ 689,803	\$ 700,515	\$ 789,420	\$ 759,077
Expected benefit payments	(689,803)	(700,515)	(789,420)	(759,077)
Change in plan fiduciary net position	-	-	-	-
Fiduciary trust net position, beginning of year	-	-	-	-
Fiduciary trust net position, end of year (b)	\$ -	\$ -	\$ -	\$ -
Net OPEB liability/(asset), ending (a) - (b)	\$ 5,646,979	\$ 5,543,478	\$ 5,995,498	\$ 6,362,033
Covered payroll	\$ 4,543,733	\$ 10,399,154	\$ 15,941,094	\$ 15,941,094
Plan fiduciary net position as a percentage of the total OPEB liability	0%	0%	0%	0%
Net OPEB liability/(asset) as a percentage of covered payroll	124%	53%	38%	40%

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

REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS - OPEB
FOR THE YEAR ENDED JUNE 30, 2025

	2025	2024	2023	2022
Actuarially determined contribution	\$ 458,664	\$ 516,127	\$ 537,747	\$ 527,778
Contributions in relations to the actuarially determined contribution	638,847	708,268	651,463	945,477
Contribution deficiency/(excess)	\$ (180,183)	\$ (192,141)	\$ (113,716)	\$ (417,699)
 Covered-employee payroll	 \$ 5,588,583	 \$ 5,918,700	 \$ 9,191,273	 \$ 8,251,265
Contribution as a percentage of covered-employee payroll	11%	12%	7%	11%
 Actuarially determined contribution	 \$ 630,867	 \$ 691,378	 \$ 693,419	 \$ 789,420
Contributions in relations to the actuarially determined contribution	566,070	1,739,803	700,514	695,640
Contribution deficiency/(excess)	\$ 64,797	\$ (1,048,425)	\$ (7,095)	\$ 93,780
 Covered-employee payroll	 \$ 4,543,733	 \$ 10,399,154	 \$ 15,941,094	 \$ 15,941,094
Contribution as a percentage of covered-employee payroll	12%	17%	4%	4%

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

REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year (Measurement Date)				
	2025 (2024)	2024 (2023)	2023 (2022)	2022 (2021)	2021 (2020)
CalSTRS					
District's proportion of the net pension liability	0.0220%	0.0200%	0.0185%	0.0180%	0.0200%
District's proportionate share of the net pension liability	\$ 14,751,814	\$ 15,962,201	\$ 12,831,160	\$ 8,328,904	\$ 19,068,686
State's proportionate share of the net pension liability associated with the District	6,768,286	7,648,077	6,425,882	4,190,868	9,829,830
Total	\$ 21,520,100	\$ 23,610,278	\$ 19,257,042	\$ 12,519,772	\$ 28,898,516
District's covered-employee payroll	\$ 14,486,639	\$ 14,264,710	\$ 10,667,967	\$ 10,068,303	\$ 10,322,488
District's proportionate share of the net pension liability as percentage of covered-employee payroll	102%	112%	120%	83%	185%
Plan fiduciary net position as a percentage of the total pension liability	84%	81%	81%	87%	72%
CalPERS					
District's proportion of the net pension liability	0.0710%	0.0670%	0.0588%	0.0550%	0.0590%
District's proportionate share of the net pension liability	\$ 25,383,122	\$ 24,356,911	\$ 20,236,298	\$ 11,129,362	\$ 18,088,089
District's covered-employee payroll	\$ 14,007,774	\$ 12,895,404	\$ 9,028,686	\$ 7,852,831	\$ 8,501,993
District's proportionate share of the net pension liability as percentage of covered-employee payroll	181%	189%	224%	142%	213%
Plan fiduciary net position as a percentage of the total pension liability	72%	70%	70%	81%	70%

REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalSTRS					
District's proportion of the net pension liability	0.0190%	0.0190%	0.0180%	0.0190%	0.0210%
District's proportionate share of the net pension liability	\$ 17,503,494	\$ 17,808,029	\$ 16,646,400	\$ 15,367,390	\$ 12,642,644
State's proportionate share of the net pension liability associated with the District	9,549,402	10,196,419	6,187,467	5,575,289	4,890,772
Total	\$ 27,052,896	\$ 28,004,448	\$ 22,833,867	\$ 20,942,679	\$ 17,533,416
District's covered-employee payroll	\$ 10,896,493	\$ 9,914,134	\$ 10,338,658	\$ 9,923,684	\$ 9,664,013
District's proportionate share of the net pension liability as percentage of covered-employee payroll	161%	180%	161%	155%	131%
Plan fiduciary net position as a percentage of the total pension liability	73%	71%	69%	70%	74%
	Reporting Fiscal Year (Measurement Date)				
	2020 (2019)	2019 (2018)	2018 (2017)	2017 (2016)	2016 (2015)
CalPERS					
District's proportion of the net pension liability	0.0620%	0.0600%	0.0650%	0.0660%	0.0660%
District's proportionate share of the net pension liability	\$ 18,005,067	\$ 16,122,049	\$ 15,580,588	\$ 13,074,541	\$ 10,630,428
District's covered-employee payroll	\$ 8,594,502	\$ 8,307,409	\$ 8,307,648	\$ 7,997,047	\$ 7,216,731
District's proportionate share of the net pension liability as percentage of covered-employee payroll	209%	194%	188%	163%	147%
Plan fiduciary net position as a percentage of the total pension liability	70%	71%	72%	74%	79%

REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
CalSTRS					
Statutorily required contribution	\$ 2,911,339	\$ 2,766,948	\$ 2,413,589	\$ 1,805,020	\$ 1,626,031
District's contributions in relation to the statutorily required contribution	2,911,339	2,766,948	2,413,589	1,805,020	1,626,031
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 15,242,613	\$ 14,486,639	\$ 14,264,710	\$ 10,667,967	\$ 10,068,303
District's contributions as a percentage of covered-employee payroll	19.10%	19.10%	16.92%	16.92%	16.15%
CalPERS	Reporting Fiscal Year				
	2025	2024	2023	2022	2021
Statutorily required contribution	\$ 4,173,607	\$ 3,737,274	\$ 2,954,337	\$ 2,068,472	\$ 1,625,536
District's contributions in relation to the statutorily required contribution	4,173,607	3,737,274	2,954,337	2,068,472	1,625,536
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 15,429,231	\$ 14,007,774	\$ 12,895,404	\$ 9,028,686	\$ 7,852,831
District's contributions as a percentage of covered-employee payroll	27.05%	26.68%	22.91%	22.91%	20.70%

REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF CONTRIBUTIONS – PENSIONS
FOR THE YEAR ENDED JUNE 30, 2025

	Reporting Fiscal Year				
	2020	2019	2018	2017	2016
CalSTRS					
Statutorily required contribution	\$ 1,871,467	\$ 1,773,949	\$ 1,510,996	\$ 1,247,198	\$ 902,174
District's contributions in relation to the statutorily required contribution	1,871,467	1,773,949	1,510,996	1,247,198	902,174
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 10,322,488	\$ 10,896,493	\$ 9,914,134	\$ 10,338,658	\$ 9,923,684
District's contributions as a percentage of covered-employee payroll	18.13%	16.28%	15.24%	12.06%	9.09%
CalPERS					
Statutorily required contribution	\$ 1,676,678	\$ 1,552,339	\$ 1,272,690	\$ 1,153,733	\$ 546,053
District's contributions in relation to the statutorily required contribution	1,676,678	1,552,339	1,272,690	1,153,733	546,053
District's contribution deficiency/(excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 8,501,993	\$ 8,594,502	\$ 8,307,409	\$ 8,307,648	\$ 7,997,047
District's contributions as a percentage of covered-employee payroll	19.72%	18.06%	15.32%	13.89%	6.83%

REDWOODS COMMUNITY COLLEGE DISTRICT
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025

NOTE 1 – PURPOSE OF SCHEDULES

Schedule of Changes in the Net OPEB Liability/(Asset) and Related Ratios

This schedule presents information on the District's changes in the net OPEB liability/(asset), including beginning and ending balances, the plan's fiduciary net position, and the net OPEB liability/(asset). 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 valuation.

Changes of Assumptions – The discount rate increased from 3.65% to 3.93% since the previous valuation.

Schedule of Contributions – OPEB

This schedule presents information on the District's actuarially determined contribution, contributions in relation to the actuarially determined contribution, and any excess or deficiency related to the actuarially determined contribution. In the future, as data becomes available, ten years of information will be presented.

Schedule of 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.

Changes in Benefit Terms – The required employer contribution rate increased from 26.68% to 27.05% since the previous valuation for CalPERS. There were no changes in benefit terms since the previous valuations for CalSTRS.

Changes of Assumptions – Additional factors were considered in the actuarial valuation for CalSTRS namely, the payroll growth, and long-term expected rate of return based on 20 to 30 years geometric average. There were no changes in assumptions since the previous valuation for CalPERS.

Schedule of Contributions – Pensions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution.

SUPPLEMENTARY INFORMATION

REDWOODS COMMUNITY COLLEGE DISTRICT

DISTRICT ORGANIZATIONAL STRUCTURE

JUNE 30, 2025

The District was established on January 14, 1964 and commenced operations in 1965.

GOVERNING BOARD

NAME	OFFICE	TERM EXPIRES
Dr. Colleen Mullery	President	December 2028
Ms. Carol Mathews	Vice President	December 2026
Mr. Richard Dorn	Clerk	December 2028
Ms. Sally Biggin	Member	December 2028
Ms. Lorraine Pedrotti	Member	December 2026
Ms. Sara Dronkers	Member	December 2026
Mr. Jack Rice	Member	December 2026
Dalila Shelton	Student Member (Nonvoting)	May 2026

DISTRICT ADMINISTRATION

Dr. Keith Flamer

President/Superintendent

Ms. Julia Morrison
Vice President, Administrative Services

Dr. Crystal Morse
Vice President, Instruction and Student Development

AUXILIARY ORGANIZATIONS IN GOOD STANDING

AUXILIARY NAME	DIRECTOR'S NAME	ESTABLISHMENT AND MASTER AGREEMENT DATE
College of the Redwoods Foundation	Marty Coelho, Executive Director of College Advancement & the CR Foundation	Organized as an auxiliary organization in 1968 and has a signed master agreement dated August 01, 2006.

REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF WORKLOAD MEASURES FOR STATE GENERAL APPORTIONMENT –
ANNUAL/ACTUAL ATTENDANCE
FOR THE YEAR ENDED JUNE 30, 2025

The full-time equivalent resident students (FTES) eligible for 2024-25 state apportionment reported to the state of California as of June 30, 2025 are summarized below:

CATEGORIES	Reported	Audit	Audited
	Data	Adjustments	Data
A. Summer Intersession (Summer 2024 only)			
1. Noncredit	6.20	-	6.20
2. Credit	247.44	-	247.44
B. Summer Intersession (Summer 2025 - Prior to July 1, 2025)			
1. Noncredit	-	-	-
2. Credit	85.85	-	85.85
C. Primary Terms (Exclusive of Summer Intersession)			
1. Census Procedure Courses			
(a) Weekly Census Contact Hours	1,517.66	-	1,517.66
(b) Daily Census Contact Hours	107.59	-	107.59
2. Actual Hours of Attendance Procedure Courses			
(a) Noncredit	106.28	-	106.28
(b) Credit	366.48	-	366.48
3. Alternative Attendance Accounting Procedure Courses			
(a) Weekly Census Contact Hours	1,059.65	-	1,059.65
(b) Daily Census Contact Hours	324.35	-	324.35
(c) Noncredit Independent Study/Distance Education Courses	0.98	-	0.98
D. Total FTES	3,822.48	-	3,822.48
Supplemental Information (subset of above information)			
E. In-service Training Courses	3.00	-	3.00
F. Basic Skills Courses and Immigrant Education			
1. Credit	-	-	-
2. Noncredit	100.77	-	100.77
Total Basic Skills FTES	100.77	-	100.77

REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
Student Financial Assistance Cluster			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	*	\$ 166,736
Federal Direct Student Loans	84.268	*	2,640,515
Federal Work-Study Program	84.033	*	229,136
Federal Pell Grant Program	84.063	*	11,388,616
Total Student Financial Assistance Cluster			<u>14,425,003</u>
Passed through State Department of Education			
Career and Technical Education - Basic Grants to States	84.048	*	298,318
TRIO Cluster			
TRIO - Student Support Services	84.042	*	697,565
TRIO - Upward Bound	84.047	*	485,080
Total TRIO Cluster			<u>1,182,645</u>
Higher Education Emergency Relief Funds (HEERF)			
HEERF Institutional Resilience and Expanded Postsecondary Opportunity (IREPO) Program	84.425P	*	143,313
Total Higher Education Emergency Relief Funds (HEERF)			<u>143,313</u>
Total U.S. Department of Education			<u>16,049,279</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Child Care and Development Fund (CCDF) Cluster			
Passed through State Department of Education			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (Child Development - Federal Child Care, Center Based CSPP)	93.596	13609	559,291
Child Care and Development Block Grant (Child Development - Federal Child Care, Center Based CCTR)	93.575	15136	530,069
Subtotal Child Care and Development Fund (CCDF) Cluster			<u>1,089,360</u>
Head Start (Early Head Start - Child Care Partnership)	93.600	*	194,093
Total U.S. Department of Health and Human Services			<u>1,283,453</u>
U.S. DEPARTMENT OF VETERANS AFFAIRS			
Survivors and Dependents Educational Assistance (Veterans Even Year and Odd Year)	64.117	*	8,159
Total U.S. Department of Veterans Affairs			<u>8,159</u>
U.S. DEPARTMENT OF AGRICULTURE			
Passed through State Department of Education			
Child and Adult Care Food Program	10.558	04129-CACFP-12-CC-IC	54,614
Total U.S. Department of Agriculture			<u>54,614</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS)			
Passed through State Department of Education			
AmeriCorps State and National	94.006	95550001	65,135
Total Corporation for National and Community Service (CNCS)			<u>65,135</u>
U.S. DEPARTMENT OF INTERIOR BUREAU OF INDIAN AFFAIRS			
Indian Loans - Economic Development	15.124	*	170,079
Total U.S. Department of Interior Bureau of Indian Affairs			<u>170,079</u>
Total Federal Expenditures			<u>\$ 17,630,719</u>

*Pass-through number is either not available or not applicable

REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

	Program Revenues					Total Program Expenditures
	Cash Received	Accounts Receivable	Accounts Payable	Deferred Income	Total	
2018-19 Rural Technology Grant	\$ -	\$ -	\$ -	\$ (1,707)	\$ (1,707)	\$ -
AEBG 0 FY 23/24	-	-	-	-	-	7,411
AEBG 0 FY 24/25	900,283	-	-	-	900,283	900,283
Basic Needs Centers	239,444	-	-	(43,163)	196,281	196,281
BFAP Fin Aid Adm Allowance	231,788	-	-	(26,865)	204,923	204,923
BFAP One Time Funds	108,519	-	-	(5,443)	103,076	103,076
Cal Grant	9,766	75,711	-	-	85,477	2,942
Cal Grant	1,953,142	122,288	-	-	2,075,430	2,018,534
CalFresh Outreach (SB85)	-	-	-	(6,752)	(6,752)	-
Calworks	291,921	-	(1,782)	(135,366)	154,773	258,055
CalWORKS Work Study Fund	30,170	-	-	(69,448)	(39,278)	44,026
CC4A 0CA College 4 All/Col Crp	125,496	-	-	(10,274)	115,222	126,097
CCAP Inst Matl Dual Enrollment	-	-	-	(6,485)	(6,485)	-
CCC College Corps Liaison	10,303	-	-	-	10,303	10,303
CCC Equitable Placement & Comp	-	-	-	(283,413)	(283,413)	1,744
CCC Live Caption	-	-	-	(4,365)	(4,365)	-
Child Care Stabilization Stipe	3,800	-	-	(209,022)	(205,222)	-
Classified Professional Develo	-	-	-	(31,673)	(31,673)	-
College Access Program	229,359	-	-	(518,246)	(288,887)	86,365
College Rapid Rehousing 22/23	-	-	-	-	-	52,079
College Rapid Rehousing 23/24	-	-	-	(108,269)	(108,269)	296,471
College Rapid Rehousing 24/25	352,912	-	-	(352,912)	-	-
College Specific0Nursing Deve	-	-	-	(500,000)	(500,000)	-
College Specific0Nursing Prg	-	-	-	(213,691)	(213,691)	24,768
Common Course Numbering System	913,043	-	-	(814,993)	98,050	98,050
Cooperative Agencies Resources for Education	384,714	-	-	-	384,714	402,757
CR/CalPoly Nursing Facility	310,928	-	-	(10,572,635)	(10,261,707)	-
Credit for Prior Learning	-	-	-	(1,625)	(1,625)	-
CRPP Innovative Best Practice	-	-	-	(175,253)	(175,253)	19,956
CTE Strong Workforce Reg YR6	-	-	-	(4,524)	(4,524)	-
CTE Strong Workforce Reg YR7	-	-	-	(575,172)	(575,172)	4,662
CTE Strong Workforce Reg YR8	-	-	-	(328,541)	(328,541)	503,897
CTE Strong Workforce Reg YR9	653,735	-	-	(653,735)	-	-
CTE Strong Workforce YR4 23/24	-	-	-	(737,279)	(737,279)	722,192
CTE Strong Workforce YR6	-	-	-	(383,711)	(383,711)	133,171
Disabled Student Program and Services + Access to Print	819,723	-	-	(217,041)	602,682	1,003,526
Disaster Relief ER Stud F. Aid	-	-	-	(7,238)	(7,238)	-
EEO Best Practices	-	-	-	(31,212)	(31,212)	115,579
Extended Opportunity Program and Services	1,412,786	-	-	(95,891)	1,316,895	1,383,459
Financial Aid Technology	42,601	-	-	(6,364)	36,237	60,685
Foster Parent Training	141,198	101,565	-	(34,652)	208,111	199,425
Full Time Faculty Hiring	456,050	-	-	-	456,050	456,050
Guided Pathways YR1	-	-	-	(8,526)	(8,526)	187,315
IEPI Leadership Grant	-	-	-	(1,116)	(1,116)	-
Infant & Toddler	546,569	-	-	(192,687)	353,882	530,069
Inst Eq/Lib Matl 0 Even Year	-	-	-	(202,946)	(202,946)	103,819
Inst Eq/Lib Matl 0 Odd Year	-	-	-	(843,004)	(843,004)	-
K016 Redwood Initiative	172,847	-	-	(1)	172,846	172,847
KT Forestry Field School	103,355	897	-	-	104,252	104,252
Balance Forward	\$ 10,444,452	\$ 300,461	\$ (1,782)	\$ (18,415,240)	\$ (7,672,109)	\$ 10,535,069

REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

	Program Revenues					Total Program Expenditures
	Cash Received	Accounts Receivable	Accounts Payable	Deferred Income	Total	
Balance Brought Forward	\$ 10,444,452	\$ 300,461	\$ (1,782)	\$ (18,415,240)	\$ (7,672,109)	\$ 10,535,069
LGBTQ+	46,775	-	-	(37,125)	9,650	60,898
Local & Systemwide Tech AB 178	175,000	-	-	(679,646)	(504,646)	163,617
Mental Health Support	-	-	-	(4,300)	(4,300)	204,447
Misc State Grants	10,445	-	-	(2,000)	8,445	8,445
NASSSP	-	-	-	(1,217,666)	(1,217,666)	231,618
NextUp	171,851	-	-	(179,371)	(7,520)	214,820
NFN Professional Development	-	-	-	(2,150)	(2,150)	-
North Far North Reg Cons Even	38,026	-	-	(18,110)	19,916	59,916
North Far North Reg Cons Odd	-	-	-	(64,082)	(64,082)	12,189
North Far North Reg Consortium	-	-	-	(42,285)	(42,285)	53
Nurse Enrollment Growth	273,600	-	-	(257,653)	15,947	15,947
Nurse Enrollment Growth 19020	-	-	-	-	-	91,742
Nursing Education (One Time)	14,598	-	-	-	14,598	14,598
Part Time Faculty Allowance	134,288	-	-	-	134,288	134,288
PB Rising Scholars Network	154,000	-	-	(2,275)	151,725	287,110
Pelican Bay Innovation Award	53,489	-	-	(57,176)	(3,687)	-
PROP 20 Lottery	291,005	139,932	-	(1,495,118)	(1,064,181)	141,836
Regional Equity & Recovery	37,606	37,606	-	-	75,212	163,488
Retention/Enrollment Outreach	-	-	-	(109,773)	(109,773)	519,667
Rising Schlr Juvenile Justice	920,454	-	-	(567,057)	353,397	276,655
Roots Project	38,681	704	-	-	39,385	39,386
Scheduled Maint. & Rep. EvenYr	-	-	-	(398,562)	(398,562)	12,239
Scheduled Maint. & Rep. OddYr	-	-	-	(213,086)	(213,086)	1,110,361
Staff Diversity Funds 0AB1725	-	-	-	(177,876)	(177,876)	13,607
State Mandated Costs	129,775	-	-	-	129,775	129,775
State Preschool Program	640,536	-	-	(313,729)	326,807	559,291
Stipend CCTR	20,959	-	-	(97,583)	(76,624)	-
Stipend CSPP	1,551	-	-	(8,691)	(7,140)	-
Student Equity and Achievement	1,817,019	-	-	(638,266)	1,178,753	1,753,822
Student Food & Housing Support	-	-	-	(263,876)	(263,876)	40,000
Student Success Completion Odd	-	-	-	(136,412)	(136,412)	-
Student Success Completion Odd	1,662,622	-	-	-	1,662,622	1,662,622
Student Transfer Achiev Reform	-	-	-	(262,547)	(262,547)	237,493
Systemwide Tech& Data AB 182	-	-	-	-	-	176,962
TANF	38,632	24,066	-	(18)	62,680	50,137
Transfer Ed and Articulation	-	-	-	(5,125)	(5,125)	43,570
Undocumented Res Liaisons	67,639	-	-	(50,477)	17,162	87,235
Veterans Resource Center	59,028	-	-	(197,823)	(138,795)	39,834
Wellness Vending Machine Pilot	-	-	-	(15,000)	(15,000)	-
Zero Textbook Cost Program	320,000	-	-	(449,879)	(129,879)	33,529
Total	\$ 17,562,031	\$ 502,769	\$ (1,782)	\$ (26,379,977)	\$ (8,316,959)	\$ 19,126,266

REDWOODS COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE EDUCATION CODE SECTION 84362 (50 PERCENT LAW) CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025

		Activity (ESCA) ECS 84362 A Instructional Salary Cost AC 0100-5900 & AC 6100			Activity (ECSB) ECS 84362 B Total CEE AC 0100-6799		
		Object/ TOP Codes	Reported Data	Audit Adjustments	Revised Data	Reported Data	Audit Adjustments
<u>Academic Salaries</u>							
Instructional Salaries							
Contract or Regular	1100	\$ 8,201,152	\$ -	\$ 8,201,152	\$ 8,201,152	\$ -	\$ 8,201,152
Other	1300	8,289,594	-	8,289,594	8,289,594	-	8,289,594
Total Instructional Salaries		16,490,746	-	16,490,746	16,490,746	-	16,490,746
Non-Instructional Salaries							
Contract or Regular	1200	-	-	-	2,345,689	-	2,345,689
Other	1400	-	-	-	437,030	-	437,030
Total Non-Instructional Salaries		-	-	-	2,782,719	-	2,782,719
Total Academic Salaries		16,490,746	-	16,490,746	19,273,465	-	19,273,465
<u>Classified Salaries</u>							
Non-Instructional Salaries							
Regular Status	2100	-	-	-	7,660,933	-	7,660,933
Other	2300	-	-	-	318,693	-	318,693
Total Non-Instructional Salaries		-	-	-	7,979,626	-	7,979,626
Instructional Aides							
Regular Status	2200	606,981	-	606,981	606,981	-	606,981
Other	2400	305,618	-	305,618	305,618	-	305,618
Total Instructional Aides		912,599	-	912,599	912,599	-	912,599
Total Classified Salaries		912,599	-	912,599	8,892,225	-	8,892,225
Employee Benefits	3000	5,378,020	-	5,378,020	11,225,811	-	11,225,811
Supplies and Materials	4000	-	-	-	298,324	-	298,324
Other Operating Expenses	5000	-	-	-	3,662,483	-	3,662,483
Equipment Replacement	6420	-	-	-	-	-	-
Total Expenditures Prior to Exclusions		22,781,365	-	22,781,365	43,352,308	-	43,352,308
<u>Exclusions</u>							
Activities to Exclude							
Inst. Staff-Retirees' Benefits and Incentives	5900	-	-	-	-	-	-
Std. Health Svcs. Above Amount Collected	6441	-	-	-	-	-	-
Student Transportation	6491	-	-	-	-	-	-
Non-inst. Staff-Retirees' Benefits and Incentives	6740	-	-	-	-	-	-
Object to Exclude							
Rents and Leases	5060	-	-	-	1,768	-	1,768
Lottery Expenditures							
Academic Salaries	1000	-	-	-	-	-	-
Classified Salaries	2000	-	-	-	-	-	-
Employee Benefits	3000	-	-	-	-	-	-
Supplies and Materials	4000	-	-	-	-	-	-
Software	4100	-	-	-	-	-	-
Books, Magazines & Periodicals	4200	-	-	-	-	-	-
Instructional Supplies & Materials	4300	-	-	-	-	-	-
Non-inst. Supplies & Materials	4400	-	-	-	-	-	-
Total Supplies and Materials		-	-	-	-	-	-
Other Operating Expenses and Services	5000	-	-	-	641,864	-	641,864
Capital Outlay	6000	-	-	-	-	-	-
Library Books	6300	-	-	-	-	-	-
Equipment	6400	-	-	-	-	-	-
Equipment - Additional	6410	-	-	-	-	-	-
Equipment - Replacement	6420	-	-	-	-	-	-
Total Equipment		-	-	-	-	-	-
Total Capital Outlay		-	-	-	-	-	-
Other Outgo	7000	-	-	-	-	-	-
Total Exclusions		\$ -	\$ -	\$ -	\$ 643,632	\$ -	\$ 643,632
Total for ECS 84362, 50% Law		\$ 22,781,365	\$ -	\$ 22,781,365	\$ 42,708,676	\$ -	\$ 42,708,676
Percent of CEE (Instructional Salary Cost/Total CEE)		53.34%	0.00%	53.34%	100.00%	0.00%	100.00%
50% of Current Expense of Education		\$ -	\$ -	\$ -	\$ 21,354,338	\$ -	\$ 21,354,338

**REDWOODS COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF THE EDUCATION PROTECTION ACCOUNT EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2025**

EPA Revenue	6,174,467
-------------	-----------

Activity Classification	Activity Code	Salaries and Benefits	Operating Expenses	Capital Outlay	Total
		(Obj 1000-3000)	(Obj 4000-5000)	(Obj 6000)	
Instructional Activities	0100-5900	\$ 6,174,467	\$ -	\$ -	\$ 6,174,467
Total		\$ 6,174,467	\$ -	\$ -	\$ 6,174,467

**REDWOODS COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF FUND EQUITY TO NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025**

Total Fund Equity - District Funds Included in the Reporting Entity

General Fund	\$ 7,642,243
Debt Service Funds	11,598,341
Special Revenue Funds	679,951
Capital Project Funds	80,179,168
Enterprise Funds	1,489,929
Other Funds	<u>3,906,587</u>
	\$ 105,496,219

Assets recorded within the statement of net position not included in the District fund financial statements:

Nondepreciable capital assets	\$ 55,300,035
Depreciable capital assets	184,414,156
Right-to-use assets	4,913,903
Accumulated depreciation	(76,289,888)
Accumulated amortization	<u>(3,846,487)</u>
	164,491,719

Unmatured Interest (1,103,705)

Deferred outflows recorded within the statement of net position not included in the District fund financial statements:

Deferred loss on refunding	\$ 132,312
Deferred outflows related to OPEB	649,044
Deferred outflows related to pensions	<u>17,006,512</u>
	17,787,868

Liabilities recorded within the statement of net position not recorded in the District fund financial statements:

Compensated absences	(3,297,587)
Net OPEB liability	(3,809,502)
Net pension liability	(40,134,936)
Lease liabilities	(540,602)
Subscription liability	(414,379)
Long-term debt	(108,753,004)

Deferred inflows recorded within the statement of net position not included in the District fund financial statements:

Deferred gain on refunding	\$ 725,537
Deferred inflows related to OPEB	415,773
Deferred inflows related to pensions	<u>2,470,448</u>
	(3,611,758)

Net Position Reported Within the Statement of Net Position

\$ 126,110,333

REDWOODS COMMUNITY COLLEGE DISTRICT
RECONCILIATION OF CHANGE IN FUND EQUITY TO CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

Changes in Fund Equity - District Funds Included in the Reporting Entity	\$ 77,281,843
Compensated absence expense	276,539
Depreciation	(4,191,064)
Investment income/(loss) related to FMV adjustment	1,039,872
Accrued interest	(661,047)
Amortization of bond premiums	198,386
Amortization of deferred gain on refunding	(14,167)
Amortization of right of use assets	(948,113)
Capital outlay expense	13,479,730
Pension expense	1,175,942
Other postemployment benefits expense	596,830
Principal payments on debt	2,220,000
Principal payments on leases	1,118,680
Proceeds from issuance of debt	<u>(84,849,642)</u>
Changes in Net Position Reported Within the Statement of Revenues, Expenses, and Changes in Net Position	<hr/> <hr/> \$ 6,723,789

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES

District Organizational Structure

This schedule provides information about the District's governing board members and administration members.

Schedule of Workload Measures for State General Apportionment – Annual/Actual Attendance

The schedule of workload measures for state general apportionment annualized attendance as of June 30, 2025, represents the basis of apportionment of the District's annual source of funding.

Schedule of Expenditures of Federal Awards

This schedule includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Expenditures reported on this schedule are reported on the modified basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Schedule of Expenditures of State Awards

This schedule includes the state activity of the District under categorical programs of the state of California for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of the 2024-24 California Community Colleges Chancellor's Office *Contracted District Audit Manual*.

Expenses reported on this schedule are reported on the accrual basis of accounting.

Reconciliation of the ECS 84362 (50 Percent Law) Calculation

This schedule provides the information necessary to reconcile the 50% law calculation as reported on the Form CCFS-311 to the audited financial statements.

**REDWOODS COMMUNITY COLLEGE DISTRICT
NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2025**

NOTE 1 – PURPOSE OF SCHEDULES, continued

Reconciliation of the Education Protection Account Expenditures

This schedule provides the information necessary to reconcile the Education Protection Account Expenditures reported on the Form CCFS-311 to the audited financial statements.

Reconciliation of Fund Equity to Net Position and Reconciliation of Change in Fund Equity to Change in Net Position

These schedules provide the information necessary to reconcile the supplemental combining financial schedules to the audited financial statements.

NOTE 2 – LOAN PROGRAM

The District is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program. Accordingly, the value of these outstanding loans is not reflected in the District's financial statements. It is not practical to determine the balance of loans outstanding to students of the District under this program as of June 30, 2025.

OTHER INDEPENDENT AUDITORS' REPORTS

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Trustees
Redwoods Community College District
Eureka, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the aggregate discretely presented component units of Redwoods Community College District (the "District") as of and for the year ended June 30, 2025, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 9, 2026.

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



San Diego, California

January 9, 2026

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Redwoods Community College District
Eureka, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Redwoods Community College District's (the "District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major Federal programs for the year ended June 30, 2025. The District's major Federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

CWDL, Certified Public Accountant

San Diego, California
January 9, 2026

INDEPENDENT AUDITORS' REPORT ON STATE COMPLIANCE AND ON INTERNAL CONTROL OVER COMPLIANCE FOR STATE PROGRAMS

To the Board of Trustees
Redwoods Community College District
Eureka, California

Report on State Compliance

Opinion

We have audited Redwoods Community College District's (the "District") compliance with the types of compliance requirements as identified in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual* for the year ended June 30, 2025. The applicable state compliance requirements are identified below.

In our opinion, the District complied, in all material respects, with the laws and regulations of the State programs noted below that were audited 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; and the compliance requirements described in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our responsibilities under those standards and the compliance requirements are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on State compliance with the compliance requirements subject to audit in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's compliance with the requirements described in the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements listed in the table below has occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the State programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed. We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any material noncompliance with the requirements listed in the table below that we identified during the audit.

Procedures Performed

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

Section 411 – SCFF Data Management Control Environment
Section 412 – SCFF Supplemental Allocation Metrics
Section 413 – SCFF Success Allocation Metrics
Section 421 – Salaries of Classroom Instructors (50 Percent Law)
Section 423 – Apportionment for Activities Funded From Other Sources
Section 424 – Student Centered Funding Formula Base Allocation: FTES
Section 425 – Residency Determination for Credit Courses
Section 426 – Students Actively Enrolled
Section 427 – Dual Enrollment (CCAP)
Section 430 – Scheduled Maintenance Program
Section 431 – Gann Limit Calculation
Section 444 – Apprenticeship Related and Supplemental Instruction (RSI) Funds
Section 475 – Disabled Student Programs and Services (DSPS)
Section 490 – Propositions 1D and 51 State Bond Funded Projects
Section 491 – Education Protection Account Funds
Section 492 – Student Representation Fee
Section 494 – State Fiscal Recovery Fund
Section 499 – COVID-19 Response Block Grant Expenditures

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing over state laws and regulations based on the requirements described in 2024-25 California Community Colleges Chancellor's Office *Contracted District Audit Manual*. Accordingly, this report is not suitable for any other purpose.



San Diego, California

January 9, 2026

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**REDWOODS COMMUNITY COLLEGE DISTRICT
SUMMARY OF AUDITORS' RESULTS
FOR THE YEAR ENDED JUNE 30, 2025**

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified
Is a going concern emphasis-of-matter paragraph included in the auditors' report?	No
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Non-compliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, <i>Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards</i>	No
Identification of major programs:	

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program of Cluster</u>
84.007, 84.033, 84.063, 84.268	Student Financial Assistance Cluster
84.047, 84.042	TRIO Cluster

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

STATE AWARDS

Internal control over State programs:	
Material weaknesses identified?	No
Significant deficiencies identified not considered to be material weaknesses?	None Reported
Type of auditors' report issued on compliance for State programs:	Unmodified

**REDWOODS COMMUNITY COLLEGE DISTRICT
FINANCIAL STATEMENT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2025**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

There were no financial statement findings or questioned costs identified during 2024-25.

**REDWOODS COMMUNITY COLLEGE DISTRICT
FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

This section identifies the audit findings required to be reported by the Uniform Guidance (e.g., deficiencies, significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs).

There were no federal award findings or questioned costs identified during 2024-25.

**REDWOODS COMMUNITY COLLEGE DISTRICT
STATE AWARD FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025**

This section identifies the audit findings pertaining to noncompliance with state program rules and regulations.

There were no state award findings or questioned costs identified during 2024-25.

**REDWOODS COMMUNITY COLLEGE DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

This section identifies the audit findings and questioned related to the basic financial statements, Federal awards or State awards for prior year.

There were no audit findings or questioned costs identified during 2023-24.