Financial Statements
June 30, 2024

Sunnyvale School District

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Independent Auditor's Report

To the Governing Board
Sunnyvale School District
Sunnyvale, California

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sunnyvale School District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 Within the Financial Reporting Entity

As discussed in Note 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, for the year ended June 30, 2024. Accordingly, the presentation and disclosure of the change within the reporting entity in the financial statements conform to the requirements of the new standard for the year ended June 30, 2024, to restate beginning fund balance. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Budgetary Comparison Schedule – General Fund, Schedule of Changes in the District's Total OPEB Liability and Related Ratios, Schedule of the District's Proportionate Share of the Net Pension Liability and Related Ratios and the Schedule of the District's Contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of 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*, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, combining non-major governmental fund financial statements, and other supplementary information listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2024 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.

Eide Bailly LLP

Menlo Park, California
December 16, 2024

This section of Sunnyvale School District's (the District) annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2024, with comparative information for the year ended June 30, 2023. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

The major financial highlights of the current year are as follows:

- The District's cash and investments balances decreased by $13.9 million with most of that decrease reported in our capital projects funds. The decrease was mainly due to significant progress made on bond projects addressing needs identified in our Facilities Master Plan.
- Capital assets increased by $11.9 million which is comprised of $24.9 million in capital asset additions which was offset by depreciation of $12.9 million.
- The District's long-term debt other than pension and other postemployment benefit (OPEB) liabilities decreased by $8.3 million mainly due to pay down of exiting debt. The District's general obligation bonds are secured with proceeds from property taxes collected from various bond measures approved by the District's voters.
- The District's net pension liability increased by $9.9 million due to changes in market value of investments with the pension plans.
- The District's federal and state grants decreased slightly by $.1 million mainly due to receiving an increased ELOP entitlement, receiving the Arts, Music, and Instructional Materials grant, receiving the Learning Recovery Emergency Block Grant funding, and one time ESSER II & ESSER III funding.
- The District's instructional related expenses increased by $18.1 million mainly due to the increased cost of personnel as well as the expansion of instructional related programs.
- The District's local sources such as property taxes, increased by $8.8 million due to increases related property assessed valuation within the District's boundaries.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements which comprise of three components: (1) Government-wide financial statements, (2) Fund financial statements, and (3) Notes to the basic financial statements. Additional supplementary information is included, in addition to the basic financial statements.

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

The statement of net position includes all assets including capital assets, deferred outflows of resources, liabilities including long-term liabilities, deferred inflows of resources with the difference being presented as net position. Certain eliminations have occurred as prescribed by the generally accepted accounting principles for interfund activities.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, such as revenues pertaining to accrued, but uncollected grants, and to expenses pertaining to earned, but unused compensated absences.

Governmental funds financial statements are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. All of the District's basic services are reported in governmental funds. These statements, however, focus on: (1) how cash and other financial assets can readily be converted to available resources and (2) the balances left at year-end, which are available for spending. Such information is useful in determining what financial resources are available in the near future to finance the District's programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances include a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Notes to the Financial Statements provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's budgetary comparison information and changes in the net pension and OPEB liabilities to its employees.

Government-Wide Overall Financial Analysis

Net Position

The District's net position was $8.4 million for the fiscal year ended June 30, 2024, a 22.7% increase over the net position for the fiscal year ended June 30 ,2023. Of this amount, $5.9 million is invested in capital assets which was offset by related debt. Restricted net position is reported separately to show legal constraints from debt covenants and enabling legislation that limits the Board's ability to use the net position for day-to-day operations. Management's analysis below focuses on the net position (Table 1) and on the changes in net position (Table 2) of the District's governmental activities:

Table 1
Net Position

	Governmental Activities		Percentage
	2024	2023	Change
Assets			
Current and other assets	$ 146,803,908	$ 164,470,325	-10.7%
Capital assets	254,744,425	242,776,005	4.9%
Total assets	401,548,333	407,246,330	-1.4%
Deferred outflows of resources	50,411,886	46,323,624	8.8%
Liabilities			
Current liabilities	13,060,981	11,838,610	10.3%
Longterm liabilities	393,164,383	389,339,013	1.0%
Total liabilities	406,225,364	401,177,623	1.3%
Deferred inflows of resources	37,253,218	45,477,511	-18.1%
Net Position (Deficit)			
Net investment in capital assets	5,995,170	8,640,003	-30.6%
Restricted	32,944,827	39,755,070	-17.1%
Unrestricted deficit	(30,458,360)	(41,480,253)	26.6%
Total net position	$ 8,481,637	$ 6,914,820	22.7%

Significant changes include an increase in net pension liability due to changes in pension investments at CalSTRS and CalPERS. The decrease in long-term liabilities was mainly attributed to decreases in the District's general long-term debt. The deferred inflows of resources changed due to the changes in assumptions and investment gains related to pension, leases and OPEB.

Changes in Net Position

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

Table 2
Changes in Net Position

	Governmental Activities		Percentage
	2024	2023	Change
Revenues			
Program revenues			
Charges for services and sales	$ 858,916	$ 1,885,090	-54.4%
Operating grants and contributions	25,806,243	25,947,962	-0.5%
Capital grants and contributions	-	900,406	-100.0%
General revenues			
Federal and State aid not restricted	5,607,461	4,371,989	28.3%
Property taxes	127,704,404	119,959,881	6.5%
Other general revenues	16,411,109	14,529,131	13.0%
Total revenues	176,388,133	167,594,459	5.2%
Expenses			
Instruction related	125,546,121	107,424,665	16.9%
Pupil services	18,331,097	15,313,527	19.7%
Administration	9,343,764	10,072,648	-7.2%
Plant services	11,468,390	11,483,577	-0.1%
All other services	10,131,944	9,807,688	3.3%
Total expenses	174,821,316	154,102,105	13.4%
Change in net position	$ 1,566,817	$ 13,492,354	-88.4%

Total revenues increased 5.2% over the previous fiscal period to $176.4 million due to increases in one time funding. An increase of 6.5% was noted this year in property tax revenues due to increase in the assessed valuation of properties within the District's boundaries. Total expenditures increased 13.4% over the previous period to $174.8 million. The increase was mainly the result of a board approved 5.0% salary increase.

Financial Analysis of Governmental Funds

As the District completed this year, our governmental funds reported a combined fund balance of $106.3 million of which $68.7 million was in the General Fund. The General fund reported an increase in fund balance of $4.2 million. The increase is attributed to the increase in property tax revenues and one time grants offset by an increase in expenditures of $15.0 million. The Building Fund experienced a $20.7 million decrease in its fund balance, primarily driven by the utilization of the most recent series of bond revenues to support substantial progress on major construction projects.

General Fund Budgetary Highlights

Over the course of the year, the District revises its budget as it attempts to deal with unexpected changes in revenues and expenditures. The final amendment to the budget was adopted on June 20, 2024. A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the General Fund Budget to Actual schedule reported in the required supplementary information section of this report.

- Local control funding formula revisions were made due to property tax roll revenue estimate updates provided by the Santa Clara County Controller-Treasurer Department throughout the year.
- Local revenue was adjusted to reflect grant funding and increases to lease income.
- Adjustments were made to State revenues to reflect funding adjustments to Categorical Programs and Special Education.

Revisions were necessary to reflect material expenditure changes as outlined below:

- Salary expenditures were adjusted to reflect step and column movements and negotiated salary increases.
- Adjustments were made to health, welfare, and statutory benefits to reflect personnel, premium, and rate changes during the year.
- Technology expenditures were adjusted to accommodate for the purchase of a new HR management system to support recruitment, hiring, absence tracking, professional development, and evaluation.
- Textbook expenditures were adjusted to accommodate piloting Elementary Phonics and Math curriculum.

Capital Asset and Long-Term Liabilities

Capital Assets

At June 30, 2024, the District had $254.7 million in a broad range of capital assets (net of depreciation), including land, buildings, furniture, and equipment. This amount represents a net increase (including additions, deductions, and depreciation) of $12.0 million from last year (Table 4). The increase is related to construction activities occurring at school sites offset by depreciation expense.

This year's additions of $24.9 million includes HVAC upgrades, exterior improvements to our campuses, and the comprehensive campus modernization at Ellis Elementary School. We present information that is more detailed about our capital assets in Notes 5 to the financial statements. These construction projects are funded mostly by Bonds proceeds.

Table 4
Capital Assets

	Governmental Activities		Percentage
	2024	2023	Change
Land and construction in progress	$ 62,094,500	$ 50,149,638	23.8%
Buildings and improvements	189,422,691	189,546,723	-0.1%
Vehicles	1,785,752	1,188,820	50.2%
Equipment	1,441,482	1,890,824	-23.8%
Total	$ 254,744,425	$ 242,776,005	4.9%

Long-Term Liabilities

At the end of this year, the District had $392.5 million in long-term liabilities outstanding versus $389.3 million last year, an increase of 0.8% (see Table 5). More detailed information about the District's long-term liabilities is presented in Note 11 to the financial statements.

Table 5
Long-Term Liabilities

	Governmental Activities		Percentage
	2024	2023	Change
Long-Term Liabilities			
General obligation bonds	$ 252,101,855	$ 259,347,815	-2.8%
Unamortized premiums/(discounts)	18,346,830	19,436,604	-5.6%
Compensated absences	1,141,591	1,069,540	6.7%
Total OPEB liability	10,999,936	9,491,179	15.9%
Aggregate net pension liability	109,991,198	99,993,875	10.0%
Total	$ 392,581,410	$ 389,339,013	0.8%

The District's latest general obligation bond was rated as AAA by S&P. The State limits the amount of general obligation debt that districts can issue to a certain percentage of the assessed value of all taxable property within the District's boundaries. The District's outstanding general obligation debt is below the statutorily imposed limit.

The District's net pension liabilities increased by 10.0% due to investment market performance. These investments are managed by CalPERS and CalSTRS and are used to offset the District's proportionate share of the pension liabilities.

Discussion of Fiscal Year 2023-2024 and Outlook for 2024-2025 and Beyond:

The Sunnyvale School District serves over 5,600 students from preschool through eighth grade and is located in northwestern Santa Clara County, neighboring the cities of Santa Clara, Mountain View, and Cupertino in the heart of Silicon Valley. Approximately two-thirds of the TK-8 students residing in the City of Sunnyvale fall within the District's boundaries. In the fiscal year 2023-2024, the District’s share of local property tax revenue exceeded its Local Control Funding Formula (LCFF) entitlement, allowing it to continue as a community funded district. Under this funding model, general fund revenue does not increase with enrollment growth.

Despite being a community funded district, the Sunnyvale School District’s diverse community challenges the typical image of such districts. Its ten schools serve students from a wide range of ethnic and socio-economic backgrounds. The District emphasizes equitable access and support for disadvantaged students, ensuring that all curricula are accessible regardless of language, ethnicity, or socio-economic status. The District's student population is 39.4% Hispanic, 26.3% Asian, 18.5% White, 4.7% Filipino, and 11.1% from other ethnic backgrounds.

The District’s mission is to provide every student with a strong foundation of academic, behavioral, and social-emotional skills to prepare them for success in an increasingly diverse and changing world. Its promise is that every student is known by name, strength, and need, ready to excel in high school and beyond while leading a life of joy and purpose.

The 2023–24 fiscal year was a transformative one for the District, highlighted by the adoption of a new Strategic Plan for 2024–2030. This plan is built upon three strategic pillars: Student Learning, Instructional Effectiveness, and Empowering Infrastructure. Key initiatives include fostering inclusive and nurturing environments, enhancing instructional practices, and ensuring equitable access to modern facilities and resources.

The progress of the Sunnyvale School District is bolstered by its exceptional community support. Bond Measure GG, now nearly fully expended, funded significant school renovations and upgrades. In March 2024, voters overwhelmingly passed Measure C, a $214 million bond to modernize schools, upgrade technology, and improve campus safety. In November 2024, voters renewed Measure Y, a $59 annual parcel tax providing approximately $1.1 million per year for eight years to support academic programs, maintain small class sizes, and sustain essential technology. Both measures include strict oversight to guarantee transparency and accountability in spending.

While the District maintains a strong financial reserve, the expiration of one-time COVID-19 relief funds, rising operational costs, and the expansion of transitional kindergarten (TK) have created new financial pressures. In response, the District has adopted a prudent approach by initiating a comprehensive evaluation of programs and staffing. This process aims to strategically right-size resources and ensure a sustainable future where student needs are addressed efficiently and effectively. Budget projections for the coming years assume moderate growth in property tax revenues and no salary increases.

Looking ahead, the Sunnyvale School District remains committed to its mission of empowering every learner, aligning resources with student success, and fostering strong partnerships with families and the community.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need any additional financial information, contact Arthur Cuffy, Chief Business Officer at Sunnyvale School District, 819 W. Iowa Avenue, Sunnyvale, California, 94086, or e-mail at arthur.cuffy@sesd.org.

	Governmental Activities
Assets	
Deposits and investments	$ 111,036,119
Receivables	4,221,691
Due from other governments	163,181
Stores inventories	206,854
Leases receivable	31,176,063
Capital assets not depreciated or amortized	62,094,500
Capital assets, net of accumulated depreciation and amortization	192,649,925
Total assets	401,548,333
Deferred Outflows of Resources	
Deferred outflows related to refunding charges	10,592,123
Deferred outflows of resources related to OPEB	3,442,264
Deferred outflows of resources related to pensions	36,377,499
Total deferred outflows of resources	50,411,886
Liabilities	
Accounts payable	8,823,674
Interest payable	3,000,602
Unearned revenue	1,236,705
Long-term liabilities	
Long-term liabilities other than OPEB and pensions Due within one year	9,046,541
Long-term liabilities other than OPEB and pensions Due in more than one year	262,543,735
Total other postemployment benefits liability (OPEB) Due within one year	582,973
Total other postemployment benefits liability (OPEB) Due in more than one year	10,999,936
Aggregate net pension liabilities due in more than one year	109,991,198
Total liabilities	406,225,364
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	2,222,249
Deferred inflows of resources related to leases	30,492,289
Deferred inflows of resources related to pensions	4,538,680
Total deferred inflows of resources	37,253,218
Net Position	
Net investment in capital assets	5,995,170
Restricted for	
Debt service	10,008,973
Capital projects	944,781
Educational programs	20,651,143
Food Services	1,339,930
Unrestricted deficit	(30,458,360)
Total net position	$ 8,481,637

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 100,859,980	$ 25,402	$ 14,169,123	$ (86,665,455)
Instruction-related activities				
Supervision of instruction	13,613,787	-	509,497	(13,104,290)
Instructional library, media, and technology	565,053	-	-	(565,053)
School site administration	10,507,301	-	688,856	(9,818,445)
Pupil services				
Home-to-school transportation	3,866,935	45,484	271,854	(3,549,597)
Food services	5,142,505	2,292	4,391,137	(749,076)
All other pupil services	9,321,657	22,105	862,132	(8,437,420)
Administration				
Data processing	2,061,297	-	-	(2,061,297)
All other administration	7,282,467	842	504,376	(6,777,249)
Plant services	11,468,390	2,698	15,597	(11,450,095)
Interest on long-term liabilities	10,046,921	-	-	(10,046,921)
Other outgo	85,023	760,093	4,393,671	5,068,741
Total governmental activities	$ 174,821,316	$ 858,916	$ 25,806,243	(148,156,157)
General Revenues and Subventions				
Property taxes, levied for general purposes				110,467,057
Property taxes, levied for debt service				15,685,382
Taxes levied for other specific purposes				1,551,965
Federal and State aid not restricted to specific purposes				5,607,461
Interest and investment earnings				2,219,391
Interagency revenues				9,901
Miscellaneous				14,181,817
Subtotal, general revenues and subventions				149,722,974
Change in Net Position				1,566,817
Net Position - Beginning				6,914,820
Net Position - Ending				$ 8,481,637

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets				
Deposits and investments	$ 69,351,106	$ 14,184,470	$ 27,500,543	$ 111,036,119
Receivables	3,082,180	158,559	980,952	4,221,691
Due from other funds	1,329,308	-	223,267	1,552,575
Due from other governments	163,181	-	-	163,181
Stores inventories	98,617	-	108,237	206,854
Leases receivable	31,176,063	-	-	31,176,063
Total assets	$ 105,200,455	$ 14,343,029	$ 28,812,999	$ 148,356,483
Liabilities, Deferred Inflows of Resouces and Fund Balances				
Liabilities				
Accounts payable	$ 4,892,248	$ 3,881,757	$ 45,638	$ 8,819,643
Due to other funds	592,857	-	959,718	1,552,575
Due to other governments	4,031	-	-	4,031
Unearned revenue	555,771	-	680,934	1,236,705
Total liabilities	6,044,907	3,881,757	1,686,290	11,612,954
Deferred Inflows of Resouces				
Lease related	30,492,289	-	-	30,492,289
Fund Balances				
Nonspendable	808,391	-	108,537	916,928
Restricted	20,083,404	10,461,272	27,018,172	57,562,848
Assigned	2,250,000	-	-	2,250,000
Unassigned	45,521,464	-	-	45,521,464
Total fund balances	68,663,259	10,461,272	27,126,709	106,251,240
Total liabilities, deferred inflows of resources, and fund balances	$ 105,200,455	$ 14,343,029	$ 28,812,999	$ 148,356,483

Total Fund Balance - Governmental Funds		$ 106,251,240
Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds.		
The cost of capital assets is	$ 372,771,124	
Accumulated depreciation and amortization is	(118,026,699)	
Net capital assets		254,744,425
In governmental funds, unmatured interest on long-term liabilities is recognized in the period when it is due. On the government-wide financial statements, unmatured interest on long-term liabilities is recognized when it is incurred.		(3,000,602)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	10,592,123	
Other postemployment benefits (OPEB)	3,442,264	
Net pension liability	36,377,499	
Total deferred outflows of resources		50,411,886
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits related	(2,222,249)	
Pension related	(4,538,680)	
Total deferred inflows of resources		(6,760,929)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(109,991,198)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(11,582,909)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of		
General obligation bonds	(270,448,686)	
Compensated absences (vacations)	(1,141,590)	
Total long-term liabilities		(271,590,276)
Total net position - governmental activities		$ 8,481,637

	General Fund	Building Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues				
Local control funding formula (LCFF)	$ 114,484,238	$ -	$ -	$ 114,484,238
Federal sources	3,569,272	-	1,659,959	5,229,231
Other State sources	14,276,805	-	4,730,605	19,007,410
Other local sources	13,687,761	1,367,778	18,450,450	33,505,989
Total revenues	146,018,076	1,367,778	24,841,014	172,226,868
Expenditures				
Current				
Instruction	87,750,012	-	850,149	88,600,161
Instruction-related activities				
Supervision of instruction	12,247,456	-	62,112	12,309,568
Instructional library, media, and technology	506,935	-	-	506,935
School site administration	9,174,942	-	99,579	9,274,521
Pupil services				
Home-to-school transportation	3,223,729	-	-	3,223,729
Food services	61,351	-	4,636,281	4,697,632
All other pupil services	8,555,693	-	-	8,555,693
Administration				
Data processing	1,877,607	-	-	1,877,607
All other administration	6,490,119	-	198,697	6,688,816
Plant services	9,428,968	980,516	58,224	10,467,708
Capital Outlay	2,316,125	21,127,363	1,444,144	24,887,632
Debt service				
Principal	-	-	7,335,000	7,335,000
Interest and other	-	-	8,991,338	8,991,338
Total expenditures	141,632,937	22,107,879	23,675,524	187,416,340
Excess (Deficiency) of Revenues Over Expenditures	4,385,139	(20,740,101)	1,165,490	(15,189,472)
Other Financing Sources (Uses)				
Transfers in	-	-	217,696	217,696
Transfers out	(217,696)	-	-	(217,696)
Net Financing Sources (Uses)	(217,696)	-	217,696	-
Net Change in Fund Balances	4,167,443	(20,740,101)	1,383,186	(15,189,472)
Fund Balance - Beginning, as restated	64,495,816	31,201,373	25,743,523	121,440,712
Fund Balance - Ending	$ 68,663,259	$ 10,461,272	$ 27,126,709	$ 106,251,240

Total Net Change In Fund Balances - Governmental Funds		$ (15,189,472)
Amounts Reported for Governmental Activities In the Statement of Activities Are Different Because		
Capital outlay to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expense in the statement of activities.		
This is the amount by which depreciation and amortization exceeds capital outlay in the period.		
Depreciation and amortization expense	$ (12,919,212)	
Capital outlays	24,887,632	
Net expense adjustment		11,968,420
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(89,040)
In the statement of activities, certain operating expenses, such as compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This amount is the difference between vacation earned and used.		(72,051)
In the governmental funds, pension costs are based on employer contributions made to pension plans during the year. However, in the statement of activities, pension expense is the net effect of all changes in the deferred outflows, deferred inflows and net pension liability during the year.		(1,247,333)
In the governmental funds, OPEB costs are based on employer contributions made to OPEB plans during the year. However, in the statement of activities, OPEB expense is the net effect of all changes in the deferred outflows, deferred inflows, and net OPEB liability during the year.		(172,164)

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	
Deferred charge on refunding recognized	(2,067,102)
Premium amortization	1,089,774
Payment of principal on long-term-liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	
General obligation bonds	7,335,000
Interest on long-term liabilities is recorded as an expenditure in the funds when it is due; however, in the Statement of Activities, interest expense is recognized as the interest accretes or accrues, regardless of when it is due.	10,785
Change in net position of governmental activities	$ 1,566,817

Note 1 - Summary of Significant Accounting Policies

Financial Reporting Entity

The Sunnyvale School District was organized in 1904 under the laws of the State of California. The District operates under a locally-elected five-member Board form of government and provides educational services to grades TK through eighth as mandated by the State and/or Federal agencies. The District operates eight elementary, and two middle schools.

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

Basis of Presentation - Fund Accounting

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

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

Major Governmental Funds

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

Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects is currently defined as a special revenue fund in the California State Accounting Manual (CSAM) that does not meet the GASB Statement No. 54 special revenue fund definition; not being substantially composed of restricted or committed revenue sources. While this fund is authorized by statute and will remain open for internal reporting purposes, this fund functions effectively as extensions of the General Fund, and accordingly has been combined with the General Fund for presentation in these audited financial statements.

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

Non-Major Governmental Funds

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

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

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

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

Capital Project Funds The Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and other capital assets (other than those financed by proprietary funds and trust funds). One of the District’s Capital Project Funds, Building Fund, is presented under Major Governmental Funds category above.

- **Capital Facilities Fund** The Capital Facilities Fund is used primarily to account separately for monies received from fees levied on developers or other agencies as a condition of approval (*Education Code* Sections 17620-17626 and *Government Code* Section 65995 et seq.). Expenditures are restricted to the purposes specified in *Government Code* Sections 65970-65981 or to the items specified in agreements with the developer (*Government Code* Section 66006).

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

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term liabilities. The District has only one Debt Service Fund, Bond Interest and Redemption Fund, that is presented as Major governmental funds.

- **Bond Interest and Redemption Fund** The Bond Interest and Redemption Fund is used to account for the accumulation of resources for, and the repayment of, district bonds, interest, and related costs**.**

Basis of Accounting - Measurement Focus

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

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

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

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

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

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

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

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

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

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. Cash equivalents also include cash with county treasury balances for purposes of the statement of cash flows.

Investments

Investments with original maturities greater than one year are stated at fair value. Fair value is estimated based on quoted market prices at year-end. Fair values of investments in county pools are determined by the program sponsor.

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

Stores Inventories

Inventories consist of expendable food and supplies held for consumption and unused donated commodities. Inventories are stated at cost, on the weighted average basis. The costs of inventory items are recorded as expenditures in the governmental funds when used.

Capital Assets and Depreciation

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

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

Depreciation is computed using the straight-line method. Estimated useful lives of the various classes of depreciable capital assets are as follows: buildings, 20 to 50 years; improvements, 5 to 50 years; equipment, 2 to 15 years.

The District records impairments of capital assets when it becomes probable that the carrying value of the assets will not be fully recovered over their estimated useful life. Impairments are recorded to reduce the carrying value of the assets to their net realizable value based on facts and circumstances in existence at the time of the determination. No impairments were recorded during the year ended June 30, 2024.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "due to/due from other funds". These amounts are eliminated in the governmental columns of the Statement of Net Position.

Compensated Absences

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

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

Accrued Liabilities and Long-Term Liabilities

All payables, accrued liabilities, and long-term liabilities are reported in the government-wide and proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as liabilities of the governmental funds.

However, claims and judgments, compensated absences, special termination benefits, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current year. Bonds, leases, and other long-term liabilities are recognized as liabilities in the governmental fund financial statements when due.

Debt Issuance Costs, Premiums and Discounts

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items.

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

Pensions

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

Leases

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

Fund Balances - Governmental Funds

As of June 30, 2024, fund balances of the governmental funds are classified as follows:

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the governing board or chief business officer/assistant superintendent of business services may assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Spending Order Policy

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the governing board has provided otherwise in its commitment or assignment actions. The District had no committed fund balance reported in the current fiscal year.

Minimum Fund Balance Policy

The governing board adopted a minimum fund balance policy for the General Fund in order to protect the district against revenue shortfalls or unpredicted one-time expenditures. The policy requires the District to maintain a minimum fund balance of 3% of the District's General Fund expenditures and other financing uses. If a fund balance drops below 3%, it shall be recovered at a rate of 1% minimally each year.

Net Position

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

Estimates

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

Property Tax

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

Adoption of New Accounting Standard

Implementation of GASB Statement No. 100

As of July 1, 2023, the District adopted GASB Statement No. 100, *Accounting Changes and Error Corrections*. The implementation of this standard requires additional presentation and disclosure requirements for accounting changes and error corrections. The financial statements have been updated to conform to the presentation requirements related to the accounting change in the financial statements for the year ended June 30, 2024. The additional disclosures required by this standard are included in Note 17.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2024, are classified in the accompanying financial statements as follows:

Governmental funds	$ 111,036,119

Deposits and investments as of June 30, 2024, consist of the following:

Cash in revolving	$ 26,300
Investments in county pool	111,009,819
Total deposits and investments	$ 111,036,119

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.

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

General Authorizations

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

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

Interest Rate Risk

Interest rate risk is the risk that change in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rate. The District manages its exposure to interest rate risk by depositing substantially all of its funds in the County Treasury pool. The weighted average maturity of the pool was 548 days.

Credit Risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The District's investment in the county pool is not rated, as of June 30, 2024.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. However, the California *Government Code* requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. The District believes it has no significant custodial credit risk.

Note 3 - Receivables and Due from Other Governments

Receivables, excluding lease receivables, at June 30, 2024, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Federal Government				
Categorical aid	$ 1,729,128	$ -	$ 627,345	$ 2,356,473
State Government				
Categorical aid	438,086	-	141,426	579,512
Lottery	257,171	-	-	257,171
Local Government				
Interest	749,127	158,559	212,181	1,119,867
Other local sources	71,849	-	-	71,849
Total	$ 3,245,361	$ 158,559	$ 980,952	$ 4,384,872

Note 4 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Governmental Activities				
Capital assets not being depreciated or amortized				
Land	$ 3,814,433	$ -	$ -	$ 3,814,433
Construction in progress	46,335,205	16,664,467	(4,719,605)	58,280,067
Total capital assets not being depreciated or amortized	50,149,638	16,664,467	(4,719,605)	62,094,500
Capital assets being depreciated and amortized				
Land improvements	39,717,784	11,856,969	-	51,574,753
Buildings and improvements	248,517,630	-	-	248,517,630
Vehicles	3,080,911	1,020,884	-	4,101,795
Furniture and equipment	6,417,529	64,917	-	6,482,446
Total capital assets being depreciated and amortized	297,733,854	12,942,770	-	310,676,624
Total capital assets	347,883,492	29,607,237	(4,719,605)	372,771,124
Accumulated depreciation and amortization				
Land improvements	(18,393,560)	(2,616,573)	-	(21,010,133)
Buildings and improvements	(80,295,131)	(9,364,428)	-	(89,659,559)
Vehicles	(1,892,091)	(423,952)	-	(2,316,043)
Furniture and equipment	(4,526,705)	(514,259)	-	(5,040,964)
Total accumulated depreciation and amortization	(105,107,487)	(12,919,212)	-	(118,026,699)
Governmental activities capital assets, net	$ 242,776,005	$ 16,688,025	$ (4,719,605)	$ 254,744,425

Depreciation and amortization expense were charged as a direct expense to governmental and business-type functions as follows:

Governmental Activities	
Instruction	$ 7,831,167
Supervision of instruction	1,088,015
Instructional library, media, and technology	44,807
School site administration	819,754
Home-to-school transportation	284,938
Food services	415,213
All other pupil services	756,218
Data processing	165,957
All other administration	583,694
Plant services	929,449
Total depreciation and amortization expense governmental activities	$ 12,919,212

Note 5 - Leases Receivable

The District reports leases receivable related to three ground and land leases to three parties. The leases vary in length from 8 to 28 years and the District will receive an annual amount of $ in annual payments. The District recognized $3,710,101 in lease revenue and $551,972 in interest revenue during the current fiscal year related to these leases. As of June 30, 2024, the District's receivable for lease payments was $31,176,063 discounted using a 2.00% discount rate. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was $30,492,289.

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2024, between major and non-major governmental funds are as follows:

	Due From		
Due To	General Fund	Non-Major Governmental Funds	Total
General Fund	$ 375,161	$ 217,696	$ 592,857
Non-Major Governmental Funds	954,147	5,571	959,718
Total	$ 1,329,308	$ 223,267	$ 1,552,575

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

Operating Transfers

Interfund transfers for the year ended June 30, 2024, consisted of the following:

Transfer Out	Transfers In Non-Major Governmental Funds
General Fund	$ 217,696

Note 7 - Deferred Charge on Refunding

Deferred charge on refunding is a consumption of net asset by the District that is applicable to a future reporting period. For governmental activities, the net investment in capital assets includes the effect of deferring the recognition of loss from advance refunding. The $10,592,123 balance of the deferred outflow of resources at June 30, 2024 will be recognized as an expense and as a decrease in net position over the remaining life of related bonds.

	Balance July 1, 2023	Additions	Deductions	Balance June 30, 2024
Deferred charge on bond refunding	$ 12,659,225	$ -	$ (2,067,102)	$ 10,592,123

Note 8 - Accounts Payable

Accounts payable at June 30, 2024, consisted of the following:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 4,031	$ -	$ -	$ 4,031
Construction	4,771,102	3,881,757	20,249	8,673,108
Salaries and benefits	117,115	-	25,389	142,504
Total	$ 4,892,248	$ 3,881,757	$ 45,638	$ 8,819,643

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2024, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 148,868	$ -	$ 148,868
State categorical aid	92	680,934	681,026
Other local	406,811	-	406,811
Total	$ 555,771	$ 680,934	$ 1,236,705

Note 10 - Long-Term Liabilities Other than OPEB and Pensions

Summary

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

	Balance July 1, 2023	Addition	Deductions	Balance June 30, 2024	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 259,347,815	$ 89,040	$ (7,335,000)	$ 252,101,855	$ 8,150,000
Unamortized debt premiums	19,436,604	-	(1,089,774)	18,346,830	824,490
Compensated absences	1,069,540	144,102	(72,051)	1,141,591	72,051
Total	$ 279,853,959	$ 233,142	$ (8,496,825)	$ 271,590,276	$ 9,046,541

Payments on the general obligation bonds are made by the bond interest and redemption fund which has a separate revenue source dedicated to the repayment of the bonds. The compensated absences are paid by the fund for which the employee worked.

General Obligation Bonds

The outstanding general obligation bonded debt is as follows:

Issuance Date	Final Maturity Date	Interest Rate	Original Issue	Bonds Outstanding July 1, 2023	Issued/ Accreted	Redeemed/ Refunded	Bonds Outstanding June 30, 2024
General Obligation Bonds							
2010 C	9/1/34	4.25-5.00%	$ 35,000,000	$ 4,000,000	$ -	$ -	$ 4,000,000
2013 A	9/1/44	2.00-5.00%	28,000,000	3,590,000	-	-	3,590,000
2014 Ref	9/1/23	2.00-5.00%	14,815,000	330,000	-	(330,000)	-
2015 Ref	9/1/35	2.00-5.00%	110,610,000	62,760,000	-	(2,515,000)	60,245,000
2013 B	9/1/44	3.00-5.00%	40,000,000	37,800,000	-	-	37,800,000
2013 C	9/1/44	3.00-4.00%	28,000,000	21,685,000	-	(990,000)	20,695,000
2019 Ref	9/1/44	1.70-2.80%	27,590,000	26,735,000	-	(245,000)	26,490,000
2021 A	9/1/50	4%	30,000,000	26,485,000	-	(2,330,000)	24,155,000
2021 Ref	9/1/35	4%	46,455,000	45,175,000	-	(925,000)	44,250,000
2023 B	9/1/51	4%	30,000,000	30,000,000	-	-	30,000,000
Subtotal				258,560,000	-	(7,335,000)	251,225,000
Capital Appreciation Bonds							
2012 D	9/1/42	3.00-11.00%	230,820	787,815	89,040	-	876,855
				$ 259,347,815	$ 89,040	$ (7,335,000)	$ 252,101,855

Debt Service Requirements to Maturity

The bonds mature through 2051 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2025	$ 8,150,000	$ 9,001,807	$ 17,151,807
2026	7,770,000	8,679,891	16,449,891
2027	6,700,000	8,380,417	15,080,417
2028	7,060,000	8,104,900	15,164,900
2029	7,535,000	7,754,464	15,289,464
2030-2034	44,310,000	35,585,724	79,895,724
2035-2039	53,060,000	28,585,809	81,645,809
2040-2044	73,700,000	16,118,813	89,818,813
2045-2049	26,825,000	5,691,419	32,516,419
2050-2051	16,115,000	999,300	17,114,300
Accretion to date	876,855		
Subtotal	$ 252,101,855	$ 128,902,544	$ 380,127,544

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2024, amounted to $ 1,141,591.

Note 11 - Fund Balance

Fund balances with reservations/designations are composed of the following elements:

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Nonspendable				
Revolving cash	$ 26,000	$ -	$ 300	$ 26,300
Stores inventories	98,617	-	108,237	206,854
Leases	683,774	-	-	683,774
Total nonspendable	808,391	-	108,537	916,928
Restricted				
Education program	20,083,404	-	567,739	20,651,143
Food service	-	-	1,231,393	1,231,393
Capital projects	-	10,461,272	11,563,430	22,024,702
Debt services	-	-	13,655,610	13,655,610
Total restricted	20,083,404	10,461,272	27,018,172	57,562,848
Assigned				
Program enrichment	2,250,000	-	-	2,250,000
Unassigned				
Remaining unassigned	45,521,464	-	-	45,521,464
Total	$ 68,663,259	$ 10,461,272	$ 27,126,709	$ 106,251,240

Note 12 - Total Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2024, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	$ 11,582,909	$ 3,442,264	$ 2,222,249	$ 755,137

District Plan

Plan Administration

The District's governing board administers the Postemployment Benefits Plan (the Plan). The Plan is a single employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB) for eligible retirees and their spouses. There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Benefits Provided

The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the Plan. The District's governing board has the authority to establish and amend the benefit terms as contained within the negotiated labor agreements. Benefit eligibility and the District-paid benefits vary by classification and date of hire. Certificated employees hired before July 1, 2006 will receive benefits at the later of age 60 and 15 years of service. Classified and management employees hired before June 30, 2006 will receive benefits at the later of age 55 and 15 years of service. Certificated and classified employees hired on or after July 1, 2006 will receive benefits at the later of age 60 and 20 years of service and management employees hired on or after July 1, 2006 will receive benefits at the later of age 60 and 10 years of service. Employees hired Before July 1, 2006 will receive 100% of medical, dental and vision premiums for retiree, and 70% of medical premium only for all dependents. Additionally, management retirees receive District-paid life insurance, as well as 100% of dental and vision premiums for all dependents. Groups other than management now pay 8% of vision premium for retiree. Those hired on or after July 1, 2006 will receive 100% of medical, dental and vision premiums for retiree only, up to an annual $10,000 cap. Benefits pro-rated for part-time service. District-paid benefits end at age 65.

Plan Membership

At June 30, 2023, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	22
Active employees	735
Total	757

Contributions

The benefit payment requirements of the Plan members and the District are established and may be amended by the District, represented groups and unrepresented groups. The benefit payment is based on projected pay-as-you-go financing requirements as determined annually through the agreements with the District, TEA, CSEA, and the unrepresented groups. The District's contributions to the plan was $582,973.

Actuarial Assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement, unless otherwise specified:

Measurement Date	June 30, 2023
Valuation Date	June 30, 2023
Experience Study - CalSTRS	2015 - 2018
Experience Study - CalPERS	2000 - 2019
Actuarial Cost Method	Entry age normal
Discount Rate	3.86% using Bond Buyer 20-bond General Obligation Index
Healthcare cost trend rate	6.00% initially trending down to 4.5% in 2070
Medicare Premium Cost Trend Rate	4.50%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2023	$ 9,491,179
Service cost	445,081
Interest	355,451
Differences between expected and actual experience	1,413,926
Changes of assumptions or other inputs	489,721
Benefit payments	(612,449)
Net change in total OPEB liability	2,091,730
Balance, June 30, 2024	$ 11,582,909

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is one percent lower or higher than the current rate:

Discount Rate	Total OPEB Liability
1% decrease (2.86%)	$ 12,095,134
Current discount rate (3.86%)	11,582,909
1% increase (4.86%)	11,012,367

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percent lower or higher than the current healthcare costs trend rates:

Healthcare Cost Trend Rate	Total OPEB Liability
1% decrease (Current rate less 1%)	$ 10,436,794
Current healthcare cost trend rate	11,582,909
1% increase (Current rate plus 1%)	12,910,725

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

For the year ended June 30, 2024, the District recognized OPEB expense of $755,137. At June 30, 2024, the District reported deferred outflows of resources and deferred inflow of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	$ 582,973	$ -
Differences between expected and actual experience	1,339,115	1,146,846
Changes of assumptions	1,520,176	1,075,403
Total	$ 3,442,264	$ 2,222,249

The deferred outflows of resources for OPEB contributions subsequent to measurement date will be recognized as reduction of the total OPEB liability in the subsequent fiscal year. The remaining deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (45,395)
2026	(45,395)
2027	(45,395)
2028	(45,395)
2029	(15,201)
Thereafter	833,823
Total	$ 637,042

Note 13 - Risk Management

The District is exposed to various risks of loss related to torts; theft, damage and destruction of assets; errors and omissions; injuries to employees; life and health of employees; and natural disasters. The District purchases commercial insurance for property damage with coverage up to a maximum of $500 million, subject to various policy sublimit generally ranging from $25 thousand to $50 million and deductibles of $5,000 for electronic data processing coverage and $500,000 per occurrence for all other claims. Claims in the past three years did not exceed the coverage limit.

Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year ending June 30, 2024, the District contracted with the District contracted with Alliance of Schools for Cooperative Insurance Programs for property and liability insurance coverage. Settled claims have not exceeded this commercial coverage in any of the past three years.

Workers' Compensation

For fiscal year 2024, the District participated in the Alliance of Schools for Cooperative Insurance Programs (ASCIP), an insurance purchasing pool. The intent of the ASCIP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the ASCIP. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the ASCIP. Each participant pays its workers' compensation premium based on its individual rate. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the ASCIP. Participation in the ASCIP is limited to districts that can meet the ASCIP selection criteria.

Insurance coverage for property and liability and workers' compensation are as follows:

Insurance Program / Company Name	Type of Coverage	Limits
Workers' Compensation Program		
Santa Clara County School Insurance Group	Workers' Compensation	$ 1,000,000
Property and Liability Program		
Alliance of Schools for Cooperative Insurance Programs	General	$ 5,000,000
	Automobile	$ 5,000,000
	Employee Dishonesty	$ 5,000,000
	Property	$ 500,000,000

Note 14 - Employee Retirement Systems

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

For the fiscal year ended June 30, 2024, the District reported its proportionate share of net pension liabilities, deferred outflows of resources, deferred inflows of resources, and pension expense for each of the above plans as follows:

Pension Plan	Collective Net Pension Liability	Collective Deferred Outflows of Resources	Collective Deferred Inflows of Resources	Collective Pension Expense
CalSTRS	$ 63,847,874	$ 20,362,149	$ 3,464,318	$ 10,481,138
CalPERS	46,143,324	16,015,350	1,074,362	7,520,222
Total	$ 109,991,198	$ 36,377,499	$ 4,538,680	$ 18,001,360

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

The STRP provisions and benefits in effect at June 30, 2024, are summarized as follows:

	STRP Defined Benefit Program	
	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	2.0% - 2.4%	2.0% - 2.4%
Required employee contribution rate	10.25%	10.205%
Required employer contribution rate	19.10%	19.10%
Required state contribution rate	10.828%	10.828%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. In accordance with AB 1469, employer contributions into the CalSTRS will be increasing to a total of 19.1 percent of applicable member earnings phased over a seven-year period. The contribution rates for each plan for the year ended June 30, 2024, are presented and the District's total contributions were $10,173,334.

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

At June 30, 2024, the District reported a liability for its proportionate share of the net pension liability that reflected a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related state support and the total portion of the net pension liability that was associated with the District were as follows:

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 63,847,874
State's proportionate share of the net pension liability	30,591,312
Total	$ 94,439,186

The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.0838% and 0.0820%, resulting in a net increase in the proportionate share of 0.0018%.

For the fiscal year ended June 30, 2024, the District recognized pension expense of $10,481,138. In addition, the District recognized pension expense and revenue of $4,161,264 for support provided by the State.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 10,173,334	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,528,428	48,132
Differences between projected and actual earnings on pension plan investments	273,294	-
Differences between expected and actual experience in the measurement of the total pension liability	5,017,391	3,416,186
Changes of assumptions	369,702	-
Total	$ 20,362,149	$ 3,464,318

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 the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ (2,008,704)
2026	(3,147,990)
2027	5,173,251
2028	256,737
Total	$ 273,294

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is seven years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 1,743,821
2026	1,143,805
2027	1,061,749
2028	612,013
2029	839,912
Thereafter	1,049,903
Total	$ 6,451,203

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying updated procedures to the financial reporting actuarial valuation as of July 1, 2022, and rolling forward the total pension liability to June 30, **2023**. The financial reporting actuarial valuation as of July 1, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 percent of the ultimate improvement factor from the Mortality Improvement Scale (MP-2019) table, issued by the Society of Actuaries.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. The best estimate ranges were developed using capital market assumptions from CalSTRS general investment consultant as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each current and future valuation, CalSTRS' independent consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. Best estimates of expected 20-year geometrically linked real rates of return and the assumed asset allocation for each major asset class for the year ended June 30, 2023, are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Public equity	38%	5.25%
Real estate	15%	4.05%
Private equity	14%	6.75%
Fixed income	14%	2.45%
Risk mitigating strategies	10%	2.25%
Inflation sensitive	7%	3.65%
Cash/liquidity	2%	0.1%

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 107,099,714
Current discount rate (7.10%)	63,847,874
1% increase (8.10%)	27,922,180

California Public Employees Retirement System (CalPERS)

Plan Description

Qualified employees are eligible to participate in the School Employer Pool (SEP) under the California Public Employees' Retirement System (CalPERS), a cost-sharing multiple-employer public employee retirement system defined benefit pension plan administered by CalPERS. Benefit provisions are established by State statutes, as legislatively amended, within the Public Employees' Retirement Law.

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2022 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of service credit, a benefit factor and the member's final compensation. Members hired on or before December 31, 2012, with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. Members hired on or after January 1, 2013, with five years of total service are eligible to retire at age 52 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after five years of service. The Basic Death Benefit is paid to any member's beneficiary if the member dies while actively employed. An employee's eligible survivor may receive the 1957 Survivor Benefit if the member dies while actively employed, is at least age 50 (or 52 for members hired on or after January 1, 2013), and has at least five years of credited service. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

The CalPERS provisions and benefits in effect at June 30, 2024, 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	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	8.00%
Required employer contribution rate	26.680%	26.680%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2024, are presented and the total District contributions were $6,580,694.

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

As of June 30, 2024, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $46,143,324. The net pension liability was measured as of June 30, 2023. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2023 and June 30, 2022, respectively was 0.1275% and 0.1249%, resulting in a net increase in the proportionate share of 0.0026%.

For the year ended June 30, 2024, the District recognized pension expense of $7,520,222. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 6,580,694	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	696,185	365,668
Differences between projected and actual earnings on pension plan investments	4,928,766	-
Differences between expected and actual experience in the measurement of the total pension liability	1,683,900	708,694
Changes of assumptions	2,125,805	-
Total	$ 16,015,350	$ 1,074,362

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 the difference between projected and actual earnings on pension plan investments will be amortized over a closed five-year period and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 919,406
2026	544,680
2027	3,311,293
2028	153,387
Total	$ 4,928,766

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 3.9 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	$ 1,498,568
2026	1,305,845
2027	627,115
Total	$ 3,431,528

Actuarial Methods and Assumptions

Total pension liability for the SEP was determined by applying update procedures to the financial reporting actuarial valuation as of July 1, 2022, and rolling forward the total pension liability to June 30, 2023. The financial reporting actuarial valuation as of July 1, 2022, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2022
Measurement date	June 30, 2023
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	6.90%
Investment rate of return	6.90%
Consumer price inflation	2.30%
Wage growth	Varies by entry age and service

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

In determining the long-term expected rate of return, CalPERS took into account long-term market return expectations as well as the expected pension fund cash flows. Projected returns for all asset classes are estimated and, combined with risk estimates, are used to project compound (geometric) returns over the long term. The discount rate used to discount liabilities was informed by the long-term projected portfolio return. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.54%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	(5%)	(0.59%)

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (5.90%)	$ 66,711,319
Current discount rate (6.90%)	46,143,324
1% increase (7.90%)	29,144,344

On Behalf Payments

The State of California makes contributions to CalSTRS on behalf of the District. These payments consist of State General Fund contributions to CalSTRS in the amount of $4.89 million (10.828% of annual payroll). Contributions are no longer appropriated in the annual Budget Act for the legislatively mandated benefits to CalPERS. Therefore, there is no on behalf contribution rate for CalPERS. Under accounting principles generally accepted in the United States of America, these amounts are to be reported as revenues and expenditures. Accordingly, these amounts have been recorded in these financial statements and General Fund-Budgetary Comparison Schedule.

Note 15 - Commitments and Contingencies

Grants

The District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2024.

Litigation

The District is not currently a party to any legal proceedings.

Construction Commitments

As of June 30, 2024, the District had the following commitments with respect to the unfinished capital projects:

Capital Project	Remaining Construction Commitment	Expected Date of Completion
Ellis Renovation & New Classrooms	$ 917,000	July 2024
Food Service Freezer	141,500	September 2024
SMS Two Story Classroom Bldg	29,100,000	August 2025
Playground Maintenance & Marquee Project (CMS, Cumberland, LW, San Miguel)	95,000	August 2024
Playground Resurfacing (Bishop, FW, Vargas)	84,000	August 2024
Lakewood Branch Library	1,126,000	December 2025
SMS Modernization	71,924,000	December 2027
Total	$ 103,387,500	

Note 16 - Participation in Public Entity Risk Pools, Joint Powers Authorities

The District is a member of the Santa Clara County Schools' Insurance Group public entity risk pool and the Silicon Valley Transportation Authority (JPA). The District pays an annual premium to Santa Clara County Schools' Insurance Group for its health, workers' compensation, and property liability coverage. Payments for transportation services are paid to the Silicon Valley Transportation Authority JPA. The relationships between the District, the pools, and the JPA's are such that they are not component units of the District for financial reporting purposes.

These entities have budgeting and financial reporting requirements independent of member units and their financial statements are not presented in these financial statements; however, fund transactions between the entities and the District are included in these statements. Audited financial statements are available from the respective entities.

The District has appointed one board member to the governing board of Santa Clara County Schools' Insurance Group and one board member to the Governing Board of Silicon Valley Transportation Authority.

Note 17 - Restatement

Change within the Reporting Entity

During fiscal year 2023-2024, there was a change within the financial reporting entity which resulted in the Bond Interest and Redemption Fund being reported as a non-major governmental fund instead of a major governmental fund. This change resulted in restatements of beginning fund balances as follows:

	Governmental Funds	
	Bond Interest and Redemption Fund	Non-Major Governmental Funds
Beginning, as previously reported on June 30, 2023	$ 13,039,246	$ 12,704,276
Change to or within the financial reporting entity	(13,039,246)	13,039,246
Beginning, as Restated on July 1, 2023	$ -	$ 25,743,522

Required Supplementary Information
June 30, 2024

Sunnyvale School District

	Budgeted Amounts			Variance
	Original	Final	Actual	Final to Actual
Revenues				
Local control funding formula (LCFF)	$ 108,788,608	$ 114,474,251	$ 114,484,238	$ 9,987
Federal sources	1,884,818	3,554,563	3,569,272	14,709
Other State sources	7,383,139	13,889,698	14,276,805	387,107
Other local sources	8,986,511	10,835,633	12,987,589	2,151,956
Total revenues	127,043,076	142,754,145	145,317,904	2,563,759
Expenditures				
Current				
Certificated salaries	55,255,503	55,334,299	54,988,003	346,296
Classified salaries	23,619,704	22,981,065	22,894,344	86,721
Employee benefits	36,803,893	37,663,579	37,094,486	569,093
Books and supplies	1,953,716	4,201,042	4,862,506	(661,464)
Services and operating expenditures	10,935,170	19,440,483	18,454,777	985,706
Capital outlay	-	2,306,046	3,338,821	(1,032,775)
Total expenditures	128,567,986	141,926,514	141,632,937	293,577
Excess (Deficiency) of Revenues Over Expenditures	(1,524,910)	827,631	3,684,967	2,857,336
Other Financing Sources (Uses)				
Transfers out	(602,521)	(863,132)	(592,696)	270,436
Net Financing Sources (Uses)	(602,521)	(863,132)	(592,696)	270,436
Net Change in Fund Balances	(2,127,431)	(35,501)	3,092,271	3,127,772
Fund Balance - Beginning	50,102,746	50,102,746	50,102,746	-
Fund Balance - Ending	$ 47,975,315	$ 50,067,245	53,195,017	$ 3,127,772
Special Reserve Fund Balance			15,468,242	
Fund Balance - Ending (GAAP Basis)			$ 68,663,259	

[1] Due to the consolidation of Fund 17, Special Reserve Fund for Other Than Capital Outlay Projects for reporting purposes into the General Fund, additional revenues and expenditures pertaining to this fund is not included in the Actual or budgeted revenues and expenditures.

	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	$ 445,081	$ 531,185	$ 463,059	$ 406,331	$ 367,104	$ 456,043	$ 442,760
Interest	355,451	205,982	258,018	307,867	362,907	317,967	312,567
Difference between expected and actual experience	1,413,926	-	(428,082)	-	(1,516,189)	-	-
Changes of assumptions	489,721	(1,114,830)	423,246	491,000	775,614	(338,801)	-
Benefit payments	(612,449)	(653,289)	(521,672)	(609,893)	(559,498)	(578,718)	(586,822)
Net change in total OPEB liability	2,091,730	(1,030,952)	194,569	595,305	(570,062)	(143,509)	168,505
Total OPEB Liability - Beginning	9,491,179	10,522,131	10,327,562	9,732,257	10,302,219	10,445,828	10,277,323
Total OPEB Liability - Ending	$ 11,582,909	$ 9,491,179	$ 10,522,131	$ 10,327,562	$ 9,732,157	$ 10,302,319	$ 10,445,828
Covered-employee Payroll	$ 77,928,799	$ 67,085,102	$ 62,423,706	$ 59,812,528	$ 58,767,467	$ 56,822,796	$ 55,708,624
Total OPEB Liability as a Percentage of Covered Payroll	14.9%	14.1%	16.9%	17.3%	16.6%	18.1%	18.8%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS										
Proportion of the net pension liability	0.0838%	0.0820%	0.0808%	0.0781%	0.0740%	0.0715%	0.0661%	0.0657%	0.0645%	0.0658%
Proportionate share of the net pension liability	$ 63,847,874	$ 56,999,798	$ 36,771,812	$ 75,649,803	$ 66,822,801	$ 65,726,508	$ 61,114,708	$ 53,119,808	$ 43,405,078	$ 38,466,686
State's proportionate share of the net pension liability	30,591,312	28,545,276	18,502,150	38,997,482	36,456,299	37,631,500	36,154,945	30,240,159	22,956,501	23,227,846
Total	$ 94,439,186	$ 85,545,074	$ 55,273,962	$ 114,647,285	$ 103,279,100	$ 103,358,008	$ 97,269,653	$ 83,359,967	$ 66,361,579	$ 61,694,532
Covered payroll	$ 53,263,529	$ 51,196,702	$ 47,516,259	$ 44,060,489	$ 42,574,240	$ 40,305,191	$ 38,140,235	$ 35,433,174	$ 33,073,528	$ 29,314,581
Proportionate share of the net pension liability as a percentage of its covered payroll	119.87%	119.96%	83.46%	177.69%	165.79%	172.33%	172.48%	160.61%	158.32%	131.22%
Plan fiduciary net position as a percentage of the total pension liability	81%	81%	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS										
Proportion of the net pension liability	0.1275%	0.1249%	0.1280%	0.1257%	0.1215%	0.1202%	0.1142%	0.1103%	0.1059%	0.1057%
Proportionate share of the net pension liability	$ 46,143,324	$ 42,994,077	$ 26,021,011	$ 38,575,798	$ 35,416,582	$ 32,042,693	$ 27,254,479	$ 21,778,311	$ 15,615,970	$ 12,002,408
Covered payroll	$ 24,665,270	$ 22,042,629	$ 19,568,843	$ 18,363,217	$ 18,112,423	$ 16,813,572	$ 15,866,311	$ 14,598,236	$ 13,188,492	$ 11,126,540
Proportionate share of the net pension liability as a percentage of its covered payroll	187.08%	219.71%	141.70%	212.98%	210.64%	201.95%	186.70%	165.13%	133.73%	107.87%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS										
Contractually required contribution	$ 10,173,334	$ 9,778,570	$ 8,039,751	$ 7,115,769	$ 7,280,195	$ 6,561,687	$ 5,502,065	$ 4,456,767	$ 3,548,001	$ 2,687,229
Less contributions in relation to the contractually required contribution	10,173,334	9,778,570	8,039,751	7,115,769	7,280,195	6,561,687	5,502,065	4,456,767	3,548,001	2,687,229
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 53,263,529	$ 51,196,702	$ 47,516,259	$ 44,060,489	$ 42,574,240	$ 40,305,191	$ 38,140,235	$ 35,433,174	$ 33,073,528	$ 27,416,212
Contributions as a percentage of covered payroll	19.10%	19.10%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS										
Contractually required contribution	$ 6,580,694	$ 5,592,215	$ 4,483,222	$ 3,801,186	$ 3,571,951	$ 3,032,956	$ 2,463,916	$ 2,027,403	$ 1,441,064	$ 1,336,108
Less contributions in relation to the contractually required contribution	6,580,694	5,592,215	4,483,222	3,801,186	3,571,951	3,032,956	2,463,916	2,027,403	1,441,064	1,336,108
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 24,665,270	$ 22,042,629	$ 19,568,843	$ 18,363,217	$ 18,112,423	$ 16,813,572	$ 15,866,311	$ 14,598,236	$ 13,188,492	$ 11,677,227
Contributions as a percentage of covered payroll	26.680%	25.370%	22.910%	20.700%	19.721%	18.0620%	15.5310%	13.8880%	11.8470%	11.7710%

Note 1 - Purpose of Schedules

Budgetary Comparison Schedule(s)

The District employs budget control by object codes and by individual appropriation accounts. Budgets are prepared on the modified accrual basis of accounting in accordance with accounting principles generally accepted in the United State of America as prescribed by the Governmental Accounting Standards Board and provisions of the California *Education Code*. The governing board is required to hold a public hearing and adopt an operating budget no later than July 1 of each year. The adopted budget is subject to amendment throughout the year to give consideration to unanticipated revenue and expenditures primarily resulting from events unknown at the time of budget adoption with the legal restriction that expenditures cannot exceed appropriations by major object account.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all budget amendments have been accounted for. The budgetary level of control is at the total expenditure level.

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

This schedule presents information on the District's changes in the total OPEB liability, including beginning and ending balances, the plan's fiduciary net position, and the total OPEB liability. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – there were no changes in the benefit terms.
- *Changes of Assumptions* – the discount rate was adjusted to reflect changes in the 20 year municipal bond index on an annual basis.

Schedule of the District's Proportionate Share of the Net Pension Liability

This schedule presents information on the District's proportionate share of the net pension liability (NPL), the plans' fiduciary net position and, when applicable, the State's proportionate share of the NPL associated with the District. In the future, as data becomes available, ten years of information will be presented.

- *Changes in Benefit Terms* – There were no significant changes in benefit terms since the previous valuations for both CalSTRS and CalPERS.
- *Changes of Assumptions* – There were no significant changes in economic assumptions for the CalSTRS or CalPERS plans from the previous valuations.

Schedule of the District's Contributions

This schedule presents information on the District's required contribution, the amounts actually contributed, and any excess or deficiency related to the required contribution. In the future, as data becomes available, ten years of information will be presented.

Supplementary Information
June 30, 2024

Sunnyvale School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through the Santa Clara County SELPA			
Special Education Cluster			
Special Education Grants to States	84.027	15638	$ 102,004
Special Education Grants to States	84.027	13379	1,344,448
Special Education Grants to States	84.027	10115	4,495
Special Education-Preschool Grants	84.173	13430	79,407
Special Education-Preschool Grants	84.173	15639	53,760
Special Education-Preschool Grants	84.173	13431	559
Total Special Education Cluster			1,584,673
Passed Through California Department of Education (CDE)			
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief Fund II	84.425D	15547	34,029
COVID-19 Elementary and Secondary School Emergency Relief Fund III	84.425U	15559	57,950
COVID-19 Elementary and Secondary School Emergency Relief Fund III	84.425U	15620	376,353
COVID-19 Elementary and Secondary School Emergency Relief Fund III	84.425U	15621	66,653
COVID-19 Elementary and Secondary School Emergency Relief Fund III	84.425U	15622	180,000
COVID-19 Elementary and Secondary School Emergency Relief Fund II	84.425D	15618	345,666
COVID-19 Governor's Emergency Education Relief Fund II	84.425C	15619	83,417
Total Education Stabilization Fund			1,144,068
Title I Grants to Local Educational Agencies	84.010	14329	540,111
Supporting Effective Instruction State Grants	84.367	14341	123,879
English Language Acquisition State Grants	84.365	14346	230,301
Total U.S. Department Education			3,623,032
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	13525	299,916
School Breakfast Program	10.553	13526	680,381
National School Lunch Program	10.555	15655	325,395
National School Lunch Program - Commodity	10.555	13391	119,075
Total Child Nutrition Cluster			1,424,767
Passed Through California Department of Social Services			
Child and Adult Care Food Program	10.558	13393	181,432
Total U.S. Department of Agriculture			1,606,199
Total Federal Financial Assistance			$ 5,229,231

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,523.66	2,528.92
Fourth through sixth	1,743.32	1,746.10
Seventh and eighth	1,045.61	1,043.51
Total Regular ADA	5,312.59	5,318.53
Extended Year Special Education		
Transitional kindergarten through third	5.63	5.63
Fourth through sixth	2.02	2.02
Seventh and eighth	0.50	0.50
Total Extended Year Special Education	8.15	8.15
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	2.81	2.79
Fourth through sixth	4.51	4.46
Seventh and eighth	2.05	2.17
Total Special Education, Nonpublic, Nonsectarian Schools	9.37	9.42
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.34	0.34
Fourth through sixth	0.36	0.36
Seventh and eighth	0.08	0.08
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.78	0.78
Total ADA	5,330.89	5,336.88

Grade Level	1986-1987 Minutes Requirement	2023-2024 Actual Minutes	Traditional Calendar Number of Actual Days	Multitrack Calander Number of Actual Days	Status
Kindergarten	36,000	53,295	181	N/A	Complied
Grades 1 - 3	50,400				
Grade 1		53,475	181	N/A	Complied
Grade 2		53,475	181	N/A	Complied
Grade 3		53,475	181	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		55,685	181	N/A	Complied
Grade 5		55,685	181	N/A	Complied
Grade 6		59,732	181	N/A	Complied
Grade 7		59,732	181	N/A	Complied
Grade 8		59,732	181	N/A	Complied

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

	General Fund	Special Reserve Fund for other than Capital Outlay
Fund Balance		
Balance, June 30, 2024 - unaudited actuals	$ 51,288,456	$ 15,468,242
Reclassification of Special Reserve Fund For Other Than Capital Oultay	15,468,242	(15,468,242)
Leases receivable	1,906,561	-
Balance, June 30, 2024, audited financial statements	$ 68,663,259	$ -

	(Budget) 2025 [1]	2024	2023	2022
General Fund				
Revenues and other sources	$ 144,529,604	$ 146,018,076	$ 140,766,992	$ 124,002,529
Expenditures	152,904,011	141,632,937	126,616,874	115,597,622
Net other uses and transfers	774,324	217,696	243,976	578,799
Total expenditures and other uses	153,678,335	141,850,633	126,860,850	116,176,421
Increase/(Decrease) in Fund Balance	(9,148,731)	4,167,443	13,906,142	7,826,108
Ending Fund Balance	$ 59,514,528	$ 68,663,259	$ 64,495,816	$ 50,589,674
Available Reserves [2]	$ 24,974,430	$ 45,521,464	$ 42,237,943	$ 40,258,197
Available Reserves as a Percentage of Total Outgo	16.25%	32.09%	33.29%	34.65%
Long-Term Liabilities	$ 384,117,842	$ 393,164,383	$ 389,339,013	$ 330,029,674
K-12 Average Daily Attendance at P-2	5,214	5,331	5,159	5,154

The General Fund balance has increased by $18,073,585 over the past two years. The fiscal year 2024-2025 budget projects a decrease of $9,148,731 in the General Fund balance. For a district this size, the State recommends available reserves of at least three percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses for the past three years but anticipates incurring an operating deficit during the 2024-2025 fiscal year. Total long-term liabilities have increased by $63,134,709 over the past two years.

Average daily attendance has increased by 177 over the past two years. A decrease of 117 ADA is anticipated during fiscal year 2024-2025.

[1] Financial information for 2025, 2023, and 2022 are included for analytical purposes only and has not been subjected to audit.

[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Assets							
Deposits and investments	$ 1,145,715	$ 1,318,186	$ 20,169	$ 10,522,309	$ 915,459	$ 13,578,705	$ 27,500,543
Receivables	154,004	638,550	197	102,340	8,956	76,905	980,952
Due from other funds	5,571	217,696	-	-	-	-	223,267
Stores inventories	-	108,237	-	-	-	-	108,237
Total assets	$ 1,305,290	$ 2,282,669	$ 20,366	$ 10,624,649	$ 924,415	$ 13,655,610	$ 28,812,999
Liabilities and Fund Balances							
Liabilities							
Accounts payable	$ -	$ 39,638	$ -	$ 6,000	$ -	$ -	$ 45,638
Due to other funds	56,617	903,101	-	-	-	-	959,718
Unearned revenue	680,934	-	-	-	-	-	680,934
Total liabilities	737,551	942,739	-	6,000	-	-	1,686,290
Fund Balances							
Nonspendable	-	108,537	-	-	-	-	108,537
Restricted	567,739	1,231,393	20,366	10,618,649	924,415	13,655,610	27,018,172
Total fund balances	567,739	1,339,930	20,366	10,618,649	924,415	13,655,610	27,126,709
Total liabilities and fund balances	$ 1,305,290	$ 2,282,669	$ 20,366	$ 10,624,649	$ 924,415	$ 13,655,610	$ 28,812,999

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Bond Interest and Redemption Fund	Total Non-Major Governmental Funds
Revenues							
Federal sources	$ -	$ 1,659,959	$ -	$ -	$ -	$ -	$ 1,659,959
Other State sources	1,456,713	3,252,379	-	-	-	21,513	4,730,605
Other local sources	50,355	46,006	969	1,387,917	44,014	16,921,189	18,450,450
Total revenues	1,507,068	4,958,344	969	1,387,917	44,014	16,942,702	24,841,014
Expenditures							
Current							
Instruction	850,149	-	-	-	-	-	850,149
Instruction-related activities							
Supervision of instruction	62,112	-	-	-	-	-	62,112
School site administration	99,579	-	-	-	-	-	99,579
Pupil services							
Food services	-	4,636,281	-	-	-	-	4,636,281
Administration							
All other administration	56,617	142,080	-	-	-	-	198,697
Plant services	-	-	-	58,224	-	-	58,224
Capital Outlay	-	-	-	1,444,144	-	-	1,444,144
Debt service							
Principal	-	-	-	-	-	7,335,000	7,335,000
Interest and other	-	-	-	-	-	8,991,338	8,991,338
Total expenditures	1,068,457	4,778,361	-	1,502,368	-	16,326,338	23,675,524
Excess (Deficiency) of Revenues Over Expenditures	438,611	179,983	969	(114,451)	44,014	616,364	1,165,490
Other Financing Sources (Uses)							
Transfers in	-	217,696	-	-	-	-	217,696
Net Financing Sources (Uses)	-	217,696	-	-	-	-	217,696
Net Change in Fund Balances	438,611	397,679	969	(114,451)	44,014	616,364	1,383,186
Fund Balance - Beginning, as restated	129,128	942,251	19,396	10,733,100	880,401	13,039,246	25,743,522
Fund Balance - Ending	$ 567,739	$ 1,339,930	$ 20,365	$ 10,618,649	$ 924,415	$ 13,655,610	$ 27,126,708

Note 1 - Purpose of Schedules

Schedule of Expenditures of Federal Awards (SEFA)

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal award activity of the Sunnyvale School District (the District) under programs of the federal government for the year ended June 30, 2024. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual 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. No federal financial assistance has been provided to a subrecipient.

Indirect Cost Rate

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

Non-Major Governmental Funds - Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances

These schedules are included to provide information regarding the individual funds that have been included in the Non-Major Governmental Funds column on the Governmental Funds Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balances.

Other Information
June 30, 2024

Sunnyvale School District

Organization

The Sunnyvale School District was established in 1904 and consists of an area comprising approximately ten square miles. The District operates eight elementary schools and two middle schools. There were no boundary changes during the year.

Governing Board

Member	Office	Term Expires
Isabel Jubes-Flamerich	President	2024
Bridget Watson	Vice President	2026
Eileen Le	Clerk	2026
Nancy Newkirk	Member	2024
Michelle Maginot	Member	2026

Administration

Name	Title
Michael Gallagher, Ed. D	Superintendent
Tasha Dean, Ed. D	Chief Teaching and Learning Officer
Jeremy Nishihara	Assistant Superintendent of Human Resources and Information Systems
Arthur Cuffy	Chief Business Officer

Independent Auditor's Reports
June 30, 2024

Sunnyvale School District

CPAs & BUSINESS ADVISORS

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

To the Governing Board
Sunnyvale School District
Sunnyvale, California

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sunnyvale School District (District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2024.

Adoption of New Accounting Standard

As discussed in Note 17 to the financial statements, the District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections*, for the year ended June 30, 2024. Accordingly, the presentation and disclosure of the accounting change in the financial statements conform to the requirements of the new standard for the year ended June 30, 2024, to restate beginning net position and fund balance. Our opinions are not modified with respect to this matter.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2024-01 that we consider to be material weaknesses.

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.*

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Eide Bailly LLP

Menlo Park, California
December 16, 2024

EideBailly
CPAs & BUSINESS ADVISORS

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

To the Governing Board
Sunnyvale School District
Sunnyvale, California

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sunnyvale School District's (District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Eide Bailly LLP

Menlo Park, California
December 16, 2024

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

To the Governing Board
Sunnyvale School District
Sunnyvale, California

Report on Compliance

Qualified and Unmodified Opinions on State Compliance

We have audited Sunnyvale School District's (the District) compliance with the requirements specified in the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, applicable to the District's state program requirements identified below for the year ended June 30, 2024.

Qualified Opinion on Independent Study

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other Programs

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that are applicable to the laws and regulations of the state programs noted in the table below for the year ended June 30, 2024, except as described in the accompanying Schedule of Findings and Questioned Costs.

Basis for Qualified and Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS), the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards)*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Matter's Giving Rise to Qualified Opinion on Independent Study

As described in the accompanying Schedule of Findings and Questioned Costs, the District did not comply with requirements regarding Independent Study. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting* will always detect a material noncompliance when it exists. The risk of not detecting a material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of the state programs as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we consider necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*, but not for the purpose of expressing an opinion on the effectiveness of the District's internal controls over compliance. Accordingly, we express no such opinion; and
- Select and test transactions and records to determine the District's compliance with the state laws and regulations applicable to the following items:

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	Yes
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	Not Applicable
GANN Limit Calculation	Yes
School Accountability Report Card	Yes
Juvenile Court Schools	Not Applicable
Middle or Early College High Schools	Not Applicable
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
School Districts, County Offices of Education, and Charter Schools	
Proposition 28 Arts and Music in Schools	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Not Applicable
Career Technical Education Incentive Grant	Not Applicable
Expanded Learning Opportunities Program	Yes
Transitional Kindergarten	Yes

2023-2024 K-12 Audit Guide Procedures	Procedures Performed
Charter Schools	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2024-002.

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
December 16, 2024

Schedule of Findings and Questioned Costs
June 30, 2024

Sunnyvale School District

Section I – Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance Listing
Child Nutrition Cluster	10.555 , 10.553

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

State Compliance

Internal control over state compliance programs	
Material weaknesses identified	Yes
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for state programs	See below

Unmodified for all programs except for the Independent Study Program

Section II – Financial Statement Findings

The following findings represent significant deficiencies and material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with *Government Auditing Standards*.

2024-001 3000 – Material Audit Adjustments

Criteria
Management is responsible for the design, implementation, and maintenance of internal controls to ensure the financial statements are free from material misstatement. Additionally, management is responsible for the preparation and fair presentation of the financial statements in accordance with generally accepted accounting principles (GAAP).

Condition
We were requested to draft the financial statements and related notes to the financial statements. The District incorrectly reported its cash with county controller at the end of the fiscal year which was offset by the same amount reported within the interfund balances. Further, the District incorrectly reported its lease receivable at the end of the fiscal year. The District does not have an internal control system designed to provide for the preparation of the financial statements and related financial statement disclosures being audited. Although this circumstance is not unusual for a California school district similar to this District, the preparation of financial statements as a part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by District personnel. It is the responsibility of management and those charged with governance to determine whether to accept the risk associated with this condition because of cost or other considerations.

Effect
Audit adjustments were necessary in order for the District's financial statements to be fairly stated in accordance with GAAP.

Cause
Errors noted above appear to be management oversight during the year end closing process.

Repeat Finding
No.

Recommendation
We recommend management continue its effort to implement procedures to ensure lease receivables are correctly recorded in the District's financial statements as of year-end. In addition, management should review county cash entries at year end.

Management's Response
The District will implement additional review procedures of the closing process.

Section III - Federal Awards Findings and Questioned Costs

None reported.

Section VI - State Compliance Findings and Questioned Costs

The following findings represent instances of noncompliance including questioned costs that are required to be reported by the *2023-2024 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*.

2024-002 Independent Study

Criteria
According to the *2023-2024 Guide for Annual Audit of K-12 Local Education Agencies and State Compliance Reporting*, prescribed in the California Code of Regulations and published by the Education Audit Appeals Panel, The District must maintain on file a current written agreement for each independent study pupil. Every agreement must contain all required elements, including signatures affixed prior to the commencement of independent study for a pupil that is scheduled to participate for more than 14 schooldays.

Condition
During our testing of the independent study program, we noted one student did not have all required signatures affixed prior to the commencement of independent study.

Questioned Costs
2.81 ADA extrapolated.

Effect
The District was not in compliance with the independent study program requirements.

Cause
Sites failed to ensure independent study program was administered in accordance with the state compliance requirements.

Repeat Finding
No.

Recommendation
The District should continue its effort in providing necessary trainings to individuals involved in the independent study program to ensure the program is administered in accordance with state compliance requirements.

Management's Response
The District will implement additional review procedures to ensure compliance with the state requirements.

There were no audit findings reported in the prior year's Schedule of Findings and Questioned Costs.