Annual Financial Report
June 30, 2023

Sunnyvale School District

CPAs & BUSINESS ADVISORS

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 (District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position 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.

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 Schedule of the District 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* (Uniform Guidance), 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Menlo Park, California
December 15, 2023

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, 2023, with comparative information for the year ended June 30, 2022. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

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

- The District's cash and investments balances increased by $20.3 million with most of that increase reported in our capital projects funds. The increase was due mainly attributed to the issuance of new bond series for $30 million which will be used for capital projects at various school sites.
- Capital assets increased by $15.5 million which is comprised of $27.4 million in capital asset additions which was offset by depreciation of $11.9 million.
- The District's long-term debt other than pension and other postemployment benefit (OPEB) liabilities increased by $23 million mainly due to issuance of a new series of bonds that was offset by payment of principal on the District's outstanding bonds. 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 $37.2 million due to changes in market value of investments with the pension plans.
- The District's grants most of which received from federal and state sources increased by $9.27 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 $7.8 million mainly due to the return of students to in-person instruction.
- The District's local sources such as property taxes, increased by $6.5 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 $6.9 million for the fiscal year ended June 30, 2023, a 205.1% increase over the net position for the fiscal year ended June 30, 2022. Of this amount, $8.6 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		
	2023	2022	Percentage Change
Assets			
Current and other assets	$ 164,470,322	$ 145,037,616	13.4%
Capital assets	242,776,005	227,308,358	6.8%
Total assets	407,246,327	372,345,974	9.4%
Deferred outflows of resources	46,323,624	42,425,504	9.2%
Liabilities			
Current liabilities	11,838,610	8,636,796	37.1%
Longterm liabilities	389,339,013	330,029,674	18.0%
Total liabilities	401,177,623	338,666,470	18.5%
Deferred inflows of resources	45,477,511	82,682,545	-45.0%
Net Position (Deficit)			
Net investment in capital assets	8,640,000	14,961,855	-42.3%
Restricted	39,755,070	26,744,240	48.6%
Unrestricted deficit	(41,480,253)	(48,283,632)	14.1%
Total deficit net position	$ 6,914,817	$ (6,577,537)	205.1%

Significant changes include an increase in asset due to gains recognized on pension investments at CalSTRS and CalPERS. The increase in long-term liabilities was mainly attributed to increase in the District's general long-term debt. The deferred inflows of resources decreased due to increase in pension deferrals and deferrals related leases.

Changes in Net Position

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

Table 2
Changes in Net Position

	Governmental Activities 2023	Governmental Activities 2022	Percentage Change
Revenues			
Program revenues			
Charges for services and sales	$ 1,885,090	$ 3,099,469	-39.2%
Operating grants and contributions	25,947,962	20,228,784	28.3%
Capital grants and contributions	900,406	-	100.0%
General revenues			
Federal and State aid not restricted	4,371,989	4,699,435	-7.0%
Property taxes	119,959,881	111,985,292	7.1%
Other general revenues	14,529,131	6,368,187	128.2%
Total revenues	167,594,459	146,381,167	14.5%
Expenses			
Instructionrelated	107,424,665	96,183,484	11.7%
Pupil services	15,313,527	13,826,605	10.8%
Administration	10,072,648	7,921,323	27.2%
Plant services	11,483,577	9,630,659	19.2%
All other services	9,807,688	9,792,534	0.2%
Total expenses	154,102,105	137,354,605	12.2%
Change in net position	$ 13,492,354	$ 9,026,562	49.5%

Total revenues increased 14.5% over the previous fiscal period to $167.6 million due to increases in one time funding. An increase of 7.1% 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 12.2% over the previous period to $154.1 million. The increase was mainly the result of a 7% board approved increases in salaries.

Financial Analysis of Governmental Funds

As the District completed this year, our governmental funds reported a combined fund balance of $121.4 million of which $64.5 million was in the General Fund. The General fund reported an increase in fund balance of $13.9 million. The increase is attributed to the increase in property tax revenues and one time grants offset by an increase in expenditures of $11 million. The Building fund reported an increase in fund balance of $2.5 million mainly due to issuance of $29.8 million in new series of bonds which was offset by construction activities for $27.7 million. The Bond Interest and Redemption fund reported an increase in fund balance for $1.5 million due to collecting of property tax occurring in the year. All other funds reported a combined increase in fund balance for $2.3 million most of which was reported in the capital facilities fund due to collection of developer fees.

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 22, 2023. 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 Debt Administration

Capital Assets

At June 30, 2023, the District had $242.8 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 $15.5 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 $27.4 million includes HVAC upgrades, exterior improvements at Vargas, San Miguel and Fairwood, playground modernizations at Cherry Chase, San Miguel, Vargas, and Cumberland, as well as the continuation of a 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
	2023	2022	Change
Land and construction in progress	$ 50,149,638	$ 23,041,391	117.7%
Buildings and improvements	189,546,723	200,866,066	-5.6%
Vehicles	1,188,820	1,484,953	-19.9%
Equipment	1,890,824	1,915,948	-1.3%
Total	$ 242,776,005	$ 227,308,358	6.8%

Long-Term Liabilities

At the end of this year, the District had $389.3 million in long-term liabilities outstanding versus $330 million last year, an increase of 18% (see Table 5). More detailed information about the District's long-term obligations is presented in Note 11 to the financial statements.

Table 5
Long-Term Liabilities

	Governmental Activities		Percentage
	2023	2022	Change
Long-Term Liabilities			
General obligation bonds	$ 259,347,815	$ 237,020,400	9.4%
Unamortized premiums/(discounts)	19,436,604	18,731,942	3.8%
Compensated absences	1,069,540	962,378	11.1%
Total OPEB liability	9,491,179	10,522,131	-9.8%
Aggregate net pension liability	99,993,875	62,792,823	59.2%
Total	$ 389,339,013	$ 330,029,674	18.0%

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 59.2% 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 2022-2023 and Outlook for 2023-2024 and Beyond:

The Sunnyvale School District serves more than 5,711 students in grades preschool through eighth grade and is located in northwestern Santa Clara County adjacent to the cities of Santa Clara, Mountain View, and Cupertino in the heart of Silicon Valley. About two-thirds of the TK-8 students who live in the City of Sunnyvale are within the boundaries of the Sunnyvale School District. The District's share of the revenue generated by local property taxes during FY 2023 has exceeded its transition entitlement of the Local Control Funding Formula; therefore, the District continued as a basic aid district. As such, general fund revenue does not increase with enrollment increases.

Although Sunnyvale School District is funded as a basic aid district, the community it serves does not fit the image of the typical basic aid school district. The District's ten schools serve students from widely diverse ethnic and socio-economic backgrounds. The District emphasizes support for students from disadvantaged backgrounds and provides curricula that are accessible to all students regardless of language, ethnicity, or socio-economic background. The District's ethnic breakdown is 37.1% Hispanic, 19.1% White, 27% Asian, 4.9% Filipino, and 11.9% other.

The District's mission statement is to provide every student with a strong foundation of academic, behavioral, and social-emotional skills to prepare them for success in a diverse, challenging, and changing world. To achieve this goal the District maintains and pursues expectations for a high quality comprehensive preschool through eighth grade program.

The District ‘s vision statement is that each school in the Sunnyvale School District will be known for developing global-minded learners by providing an exemplary education for every student, building on individual strengths, embracing diversity, and fostering community responsibility.

In the Sunnyvale School District, we believe that equity leads to learning without limits. We commit to:

- Working together with families, staff, students, and the community to address the individual supports that each student requires to flourish.
- Mitigating structural barriers and bias that hinder students’ ability to thrive and creating a system where success is not determined by identity factors.
- Engaging in reflective practices, including two-way communication with all community members, evaluation of resource allocation, and examination of policy and practice.
- Empowering all learners by recognizing the cultural assets that students and communities hold in order to provide a tailored education with supports, access, and opportunities so they reach their full, unique potential.

As a result, the District strives to meet programmatic goals that will allow for reasonable class sizes, staff training and support, counseling services, preschools, libraries, medical assistance, before and after school programs, visual and performing arts, physical education, sports, and summer schools. The District's ongoing commitment to maintaining a balanced investment in programs for students, competitive salaries and benefits for those who serve students, and meeting the operational needs of the District is even stronger with the improved current economic environment.

In the latter half of the 2022–23 school year, the District found that it was primed for beginning to deeply examine school programs when it was not under the stress recovering from the pandemic. Needs around curriculum adoption, best practices in the classroom, socio-emotional learning, and expansion of afterschool programming were predominant. District Leadership, coordinating with site and community leaders, saw the opportunity to develop a Strategic Plan that could (in coordination with the LCAP) unify the various needs that were facing our student population. A primary approach to this work through the lens of equity and anti-racism, and as a district Sunnyvale examined the stark disparity of achievement between Spanish-speaking English learners and all other subgroups of students within our community. Unified efforts to adopt appropriate Math and ELA curricula, standardize teacher training and professional development, continue English Learner support, and expand afterschool program offerings across all schools will continue into the 2023–24 school year, along with a focus on teaching the "whole student". This work will require strategic alignment at the district level, and patience through the implementation phase as site leadership and teachers adjust to the pandemic educational world. The One-to-One Technology to Support Learning, is an ongoing, multi-year plan to ensure access for all students to receive educational content in new ways. Bond Measure GG allows the District to support the renovation, upgrading, and improvement of school facilities. Management is committed to monitor and oversee spending in a fiscally responsible manner to maintain the financial strength of the school district.

The 2023 budget includes a projected 7% increase in General Fund revenue. Included in the budget is the negotiated 7% salary schedule increase for all bargaining units. As well as the increases in STRS and PERS. The projected STRS increase is 12.8 % over 2021-2022 and the projected PERS increase is 10.7% over 2021-2022. Additionally, the 2023 budget includes the remaining balances for the one-time CARES Act funding. These funds are being used to support district initiatives and programs such as before and after school instruction, Direct Student Support Teachers on Special Assignment, as well as student social emotional supports.

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 Lori van Gogh, Chief Business Officer at Sunnyvale School District, 819 W. Iowa Avenue, Sunnyvale, California, 94086, or e-mail at lori.vangogh@sesd.org.

	Governmental Activities
Assets	
Deposits and investments	$ 124,945,155
Receivables	3,480,280
Internal balances	375,000
Due from other governments	751,095
Stores inventories	216,351
Leases receivable	34,702,441
Capital assets not depreciated	50,149,638
Capital assets, net of accumulated depreciation	192,626,367
Total assets	407,246,327
Deferred Outflows of Resources	
Deferred outflows related to refunding charges	12,659,225
Deferred outflows of resources related to OPEB	1,817,797
Deferred outflows of resources related to pensions	31,846,602
Total deferred outflows of resources	46,323,624
Liabilities	
Accounts payable	6,850,946
Interest payable	3,011,387
Internal balances	375,000
Unearned revenue	1,601,277
Long-term liabilities	
Long-term liabilities other than OPEB and pensions	
Due within one year	8,639,096
Long-term liabilities other than OPEB and pensions	
Due in more than one year	271,214,863
Total other postemployment benefits liability (OPEB)	9,491,179
Aggregate net pension liabilities	99,993,875
Total liabilities	401,177,623
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	2,517,348
Deferred inflows of resources related to leases	34,202,390
Deferred inflows of resources related to pensions	8,757,773
Total deferred inflows of resources	45,477,511
Net Position (Deficit)	
Net investment in capital assets	8,640,000
Restricted for	
Debt service	9,240,045
Capital projects	11,632,897
Educational programs	17,939,878
Food Services	942,250
Unrestricted	(41,480,253)
Total net position (deficit)	$ 6,914,817

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction	$ 87,257,601	$ 71,783	$ 17,343,298	$ 900,406	$ (68,942,114)
Instruction-related activities					
Supervision of instruction	10,513,749	-	251,350	-	(10,262,399)
Instructional library, media, and technology	478,549	-	-	-	(478,549)
School site administration	9,174,766	-	488,893	-	(8,685,873)
Pupil services					
Home-to-school transportation	1,697,048	-	-	-	(1,697,048)
Food services	4,687,354	(1,947)	4,289,305	-	(399,996)
All other pupil services	8,929,125	11,002	1,012,686	-	(7,905,437)
Administration					
Data processing	2,146,942	-	-	-	(2,146,942)
All other administration	7,925,706	2,083	53,740	-	(7,869,883)
Plant services	11,483,577	7,041	9,783	-	(11,466,753)
Interest on long-term liabilities	9,760,408	-	-	-	(9,760,408)
Other outgo	47,280	1,795,128	2,498,907	-	4,246,755
Total governmental activities	$ 154,102,105	$ 1,885,090	$ 25,947,962	$ 900,406	(125,368,647)
General Revenues and Subventions					
Property taxes, levied for general purposes					102,704,044
Property taxes, levied for debt service					15,810,595
Taxes levied for other specific purposes					1,445,242
Federal and State aid not restricted to specific purposes					4,371,989
Interest and investment earnings					1,928,654
Interagency revenues					2,861
Miscellaneous					12,597,616
Subtotal, general revenues					138,861,001
Change in Net Position					13,492,354
Net Position (deficit) - Beginning					(6,577,537)
Net Position (deficit) - Ending					$ 6,914,817

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets					
Deposits and investments	63,735,019	$ 34,337,635	$ 12,979,939	$ 13,892,562	$124,945,155
Receivables	2,497,598	199,071	59,308	724,303	3,480,280
Due from other funds	999,586	-	-	243,976	1,243,562
Due from other governments	751,095	-	-	-	751,095
Stores inventories	108,114	-	-	108,237	216,351
Leases receivable	34,702,441	-	-	-	34,702,441
Total assets	$102,793,853	$ 34,536,706	$ 13,039,247	$ 14,969,078	$165,338,884
Liabilities, Deferred Inflows of Resouces and Fund Balances					
Liabilities					
Accounts payable	$ 2,278,422	$ 3,335,171	$ -	$ 554,283	$ 6,167,876
Due to other funds	243,976	161	-	999,425	1,243,562
Due to other governments	683,070	-	-	-	683,070
Unearned revenue	890,181	-	-	711,096	1,601,277
Total liabilities	4,095,649	3,335,332	-	2,264,804	9,695,785
Deferred Inflows of Resouces					
Deferred inflows of resources Lease related	34,202,390	-	-	-	34,202,390
Fund Balances					
Nonspendable	634,165	-	-	108,537	742,702
Restricted	17,810,751	31,201,374	13,039,247	12,595,737	74,647,109
Assigned	3,812,955	-	-	-	3,812,955
Unassigned	42,237,943	-	-	-	42,237,943
Total fund balances	64,495,814	31,201,374	13,039,247	12,704,274	121,440,709
Total liabilities, deferred inflows of resources, and fund balances	$102,793,853	$ 34,536,706	$ 13,039,247	$ 14,969,078	$165,338,884

Total Fund Balance - Governmental Funds		$ 121,440,709
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	$ 347,883,492	
Accumulated depreciation is	(105,107,487)	
Net capital assets		242,776,005
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.		(3,011,387)
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)	12,659,225	
Other postemployment benefits (OPEB)	1,817,797	
Net pension liability	31,846,602	
Total deferred outflows of resources		46,323,624
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	(2,517,348)	
Pension related	(8,757,773)	
Total deferred inflows of resources		(11,275,121)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(99,993,875)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(9,491,179)
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	(278,784,420)	
Compensated absences (vacations)	(1,069,539)	
Total long-term liabilities		(279,853,959)
Total net position (deficit) - governmental activities		$ 6,914,817

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues					
Local control funding formula	$ 105,711,692	$ -	$ -	$ -	$ 105,711,692
Federal sources	6,112,803	-	-	1,675,338	7,788,141
Other State sources	18,324,928	-	23,029	4,597,490	22,945,447
Other local sources	10,612,944	525,491	15,582,157	2,126,429	28,847,021
Total revenues	140,762,367	525,491	15,605,186	8,399,257	165,292,301
Expenditures					
Current					
Instruction	79,539,927	-	-	765,823	80,305,750
Instruction-related activities					
Supervision of instruction	9,637,946	-	-	58,459	9,696,405
Instructional library, media, and technology	463,528	-	-	-	463,528
School site administration	8,396,770	-	-	93,392	8,490,162
Pupil services					
Home-to-school transportation	1,647,338	-	-	-	1,647,338
Food services	48,994	-	-	4,306,015	4,355,009
All other pupil services	8,191,593	-	-	-	8,191,593
Administration					
Data processing	2,006,765	-	-	-	2,006,765
All other administration	7,387,189	-	-	-	7,387,189
Plant services	8,739,367	1,904,928	-	62,598	10,706,893
Capital Outlay	557,457	25,867,701	-	1,014,290	27,439,448
Debt service					
Principal	-	-	7,765,000	-	7,765,000
Interest and other	-	231,000	14,836,668	-	15,067,668
Total expenditures	126,616,874	28,003,629	22,601,668	6,300,577	183,522,748
Excess (Deficiency) of Revenues Over Expenditures	14,145,493	(27,478,138)	(6,996,482)	2,098,680	(18,230,447)
Other Financing Sources (Uses)					
Transfers in	4,625	-	-	243,976	248,601
Bond issuance	-	30,000,000	46,455,000	-	76,455,000
Bond premiums	-	-	1,794,440	-	1,794,440
Payment for refunded bonds	-	-	(39,775,000)	-	(39,775,000)
Transfers out	(243,976)	-	-	(4,625)	(248,601)
Net Financing Sources (Uses)	(239,351)	30,000,000	8,474,440	239,351	38,474,440
Net Change in Fund Balances	13,906,142	2,521,862	1,477,958	2,338,031	20,243,993
Fund Balance - Beginning	50,589,672	28,679,512	11,561,289	10,366,243	101,196,716
Fund Balance - Ending	$ 64,495,814	$ 31,201,374	$ 13,039,247	$ 12,704,274	$ 121,440,709

Total Net Change In Fund Balances - Governmental Funds		$ 20,243,993
Amounts Reported for Governmental Activities In the Statement of Activities Are Different Because		
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation and amortization expenses in the statement of activities.		
This is the amount by which depreciation and amortization exceeds capital outlays in the period.		
Depreciation and amortization expense	$ (11,971,801)	
Capital outlays	27,439,448	
Net expense adjustment		15,467,647
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(92,415)
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.		(107,162)
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.		3,268,656
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.		21,399
Proceeds received from General obligation bonds is a revenue in the governmental funds, but it increases long-term liabilities in the statement of net position and does not affect the statement of activities.		(30,000,000)

Continued from previous page.

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.	
Premium on issuance recognized	(1,794,439)
Deferred charge on refunding recognized	(2,067,102)
Premium amortization	1,089,777
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	7,765,000
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.	(303,000)
Change in net position of governmental activities	$ 13,492,354

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 on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The District's funds are categorized as governmental funds.

Governmental funds 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.

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

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 ks55), 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 et seq.).

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.

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, 2023.

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, 2023, fund balances of the governmental funds are classified as follows:

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

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's 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.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2023, are classified in the accompanying financial statements as follows:

Governmental funds	$ 124,945,155

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

Cash in revolving	$ 26,000
Investments in county pool	124,919,155
Total deposits and investments	$ 124,945,155

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 648 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, 2023.

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 - Fair Value Measurements

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset’s fair value. The following provides a summary of the hierarchy used to measure fair value:

- Level 1 - Quoted prices in active markets for identical assets that the District has the ability to access at the measurement date. Level 1 assets may include debt and equity securities that are traded in an active exchange market and that are highly liquid and are actively traded in over-the-counter markets.

- Level 2 - Observable inputs other than Level 1 prices such as quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, or other inputs that are observable, such as interest rates and curves observable at commonly quoted intervals, implied volatilities, and credit spreads. For financial reporting purposes, if an asset has a specified term, a Level 2 input is required to be observable for substantially the full term of the asset.

- Level 3 - Unobservable inputs should be developed using the best information available under the circumstances, which might include the District’s own data. The District should adjust that data if reasonably available information indicates that other market participants would use different data or certain circumstances specific to the District are not available to other market participants.

None of the District’s investments were subject to the fair value measurement since they were deposited with the Santa Clara County pool.

Note 4 - Receivables and Due from Other Governments

Receivables, excluding lease receivables, at June 30, 2023, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Federal Government					
Categorical aid	$ 1,807,821	$ -	$ -	$ -	$ 1,807,821
State Government					
Categorical aid	417,027	-	-	-	417,027
Lottery	335,526	-	-	-	335,526
Local Government					
Interest	525,374	199,071	59,308	686,553	1,470,306
Other local sources	162,945	-	-	37,750	200,695
Total	$ 3,248,693	$ 199,071	$ 59,308	$ 724,303	$ 4,231,375

Note 5 - Capital Assets

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

	Balance July 1, 2022	Additions	Deductions	Balance June 30, 2023
Governmental Activities				
Capital assets not being depreciated				
Land	$ 3,814,433	$ -	$ -	$ 3,814,433
Construction in progress	19,226,958	27,168,558	(60,311)	46,335,205
Total capital assets not being depreciated	23,041,391	27,168,558	(60,311)	50,149,638
Capital assets being depreciated				
Land improvements	39,664,152	53,632	-	39,717,784
Buildings and improvements	248,510,951	6,679	-	248,517,630
Vehicles	3,080,911	-	-	3,080,911
Furniture and equipment	6,146,639	270,890	-	6,417,529
Total capital assets being depreciated	297,402,653	331,201	-	297,733,854
Total capital assets	320,444,044	27,499,759	(60,311)	347,883,492
Accumulated depreciation				
Land improvements	(16,378,334)	(2,015,226)	-	(18,393,560)
Buildings and improvements	(70,930,703)	(9,364,428)	-	(80,295,131)
Vehicles	(1,595,958)	(296,133)	-	(1,892,091)
Furniture and equipment	(4,230,691)	(296,014)	-	(4,526,705)
Total accumulated depreciation	(93,135,686)	(11,971,801)	-	(105,107,487)
Governmental activities capital assets, net	$ 227,308,358	$ 15,527,958	$ (60,311)	$ 242,776,005

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

Governmental Activities	
Instruction	$ 7,243,277
Supervision of instruction	874,579
Instructional library, media, and technology	41,808
School site administration	765,781
Home-to-school transportation	148,584
Food services	392,805
All other pupil services	738,851
Data processing	181,003
All other administration	662,032
Plant services	923,081
Total depreciation and amortization expenses governmental activities	$ 11,971,801

Note 6 - 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 $4,078,349 in annual payments. The District recognized $3,710,101 in lease revenue and $621,347 in interest revenue during the current fiscal year related to these leases. As of June 30, 2023, the District’s receivable for lease payments was $34,702,441 discounted using a 2% 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, 2023, the balance of the deferred inflow of resources was $34,202,390.

Note 7 - 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, 2023, between major and non-major governmental funds are as follows:

	Due From			
Due To	General Fund	Building Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 161	$ 999,425	$ 999,586
Non-Major Governmental Funds	243,976	-	-	243,976
Total	$ 243,976	$ 161	$ 999,425	$ 1,243,562

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, 2023, consisted of the following:

	Transfers In		
Transfer Out	General Fund	Non-Major Governmental Funds	Total
General Fund	$ -	$ 243,976	$ 243,976
Non-Major Governmental Funds	4,625	-	4,625
Total	$ 4,625	$ 243,976	$ 248,601

Note 8 - 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 $12,659,225 balance of the deferred outflow of resources at June 30, 2023 will be recognized as an expense and as a decrease in net position over the remaining life of related bonds.

	Balance July 01, 2022	Additions	Deductions	Balance June 30, 2023
Deferred charge on bond refunding	$ 14,726,327	$ -	$ (2,067,102)	$ 12,659,225

Note 9 - Accounts Payable

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

	General Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 2,115,055	$ 3,335,171	$ 554,283	$ 6,004,509
Salaries and benefits	163,367	-	-	163,367
Total	$ 2,278,422	$ 3,335,171	$ 554,283	$ 6,167,876

Note 10 - Unearned Revenue

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

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 456,823	$ -	$ 456,823
State categorical aid	-	711,096	711,096
Other local	433,358	-	433,358
Total	$ 890,181	$ 711,096	$ 1,601,277

Note 11 - 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, 2022	Addition	Deductions	Balance June 30, 2023	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 237,020,400	$ 30,092,415	$ (7,765,000)	$ 259,347,815	$ 7,335,000
Unamortized debt premiums	18,731,942	1,794,439	(1,089,777)	19,436,604	1,089,774
Compensated absences	962,378	321,484	(214,322)	1,069,540	214,322
Total	$ 256,714,720	$ 32,208,338	$ (9,069,099)	$ 279,853,959	$ 8,639,096

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, 2022	Issued/ Accreted	Redeemed/ Refunded	Bonds Outstanding June 30, 2023
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	3,155,000	-	(2,825,000)	330,000
2015 Ref	9/1/35	2.00-5.00%	110,610,000	64,940,000	-	(2,180,000)	62,760,000
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	22,925,000	-	(1,240,000)	21,685,000
2019 Ref	9/1/44	1.70-2.80%	27,590,000	26,975,000	-	(240,000)	26,735,000
2021 A	9/1/50	4%	30,000,000	26,485,000	-	-	26,485,000
2021 Ref	9/1/35	4%	46,455,000	46,455,000	-	(1,280,000)	45,175,000
2023 B	9/1/51	4%	30,000,000	-	30,000,000	-	30,000,000
Subtotal				236,325,000	30,000,000	(7,765,000)	258,560,000
Capital Appreciation Bonds							
2012 D	9/1/42	3.00-11.00%	14,767,843	695,400	92,415	-	787,815
				$ 237,020,400	$ 30,092,415	$ (7,765,000)	$ 259,347,815

Debt Service Requirements to Maturity

The bonds mature through 2051 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2024	$ 7,335,000	$ 9,034,160	$ 16,369,160
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
2029-2033	43,825,000	36,795,243	80,620,243
2034-2038	48,060,000	30,172,296	78,232,296
2039-2043	76,795,000	19,116,335	95,911,335
2044-2048	32,180,000	6,904,380	39,084,380
2049-2051	20,685,000	1,747,275	22,432,275
Accretion to date	787,815		
Subtotal	$ 259,347,815	$ 137,936,704	$ 396,496,704

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2023, amounted to $1,069,540.

Note 12 - Fund Balance

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

	General Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable					
Revolving cash	$ 26,000	$ -	$ -	$ 300	$ 26,300
Stores inventories	108,114	-	-	108,237	216,351
Leases	500,051	-	-	-	500,051
Total nonspendable	634,165	-	-	108,537	742,702
Restricted					
Education program	17,810,751	-	-	129,127	17,939,878
Food service	-	-	-	833,713	833,713
Capital projects	-	31,201,374	-	11,632,897	42,834,271
Debt services	-	-	13,039,247	-	13,039,247
Total restricted	17,810,751	31,201,374	13,039,247	12,595,737	74,647,109
Assigned					
Program enrichment	3,812,955	-	-	-	3,812,955
Total assigned	3,812,955	-	-	-	3,812,955
Unassigned					
Reserve for economic uncertainties	12,518,070	-	-	-	12,518,070
Remaining unassigned	29,719,873	-	-	-	29,719,873
Total unassigned	42,237,943	-	-	-	42,237,943
Total	$ 64,495,814	$ 31,201,374	$ 13,039,247	$ 12,704,274	$ 121,440,709

Note 13 - Total Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2023, 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 (Credit)
Retiree Health Plan	$ 9,491,179	$ 1,817,797	$ 2,517,348	$ 162,415

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, 2021, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	30
Active employees	707
Total	737

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 $612,449.

Actuarial Assumptions

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

Measurement Date	June 30, 2022
Valuation Date	June 30, 2021
Experience Study - CalSTRS	2015 - 2018
Experience Study - CalPERS	2000 - 2019
Actuarial Cost Method	Entry age normal
Discount Rate	3.69% using Bond Buyer 20-bond General Obligation Index
Healthcare cost trend rate	5.75% 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, 2022	$ 10,522,131
Service cost	531,185
Interest	205,982
Changes of assumptions or other inputs	(1,114,830)
Benefit payments	(653,289)
Net change in total OPEB liability	(1,030,952)
Balance, June 30, 2023	$ 9,491,179

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

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

Discount Rate	Total OPEB Liability
1% decrease (2.69%)	$ 10,117,698
Current discount rate (3.69%)	9,491,179
1% increase (4.69%)	8,888,590

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%)	$ 8,575,459
Current healthcare cost trend rate	9,491,179
1% increase (Current rate plus 1%)	10,538,548

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

For the year ended June 30, 2023, the District recognized OPEB expense of $162,415. At June 30, 2023, 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	$ 612,449	$ -
Differences between expected and actual experience	-	1,319,921
Changes of assumptions	1,205,348	1,197,427
Total	$ 1,817,797	$ 2,517,348

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
2024	$ (146,117)
2025	(146,117)
2026	(146,117)
2027	(146,117)
2028	(146,117)
Thereafter	(581,415)
Total	$ (1,312,000)

Note 14 - 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, 2023, 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 2023, 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 15 - 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, 2023, 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	$ 56,999,798	17,476,513	$ 7,118,953	$ 6,519,951
CalPERS	42,994,077	14,370,089	1,638,820	5,582,178
Total	$ 99,993,875	$ 31,846,602	$ 8,757,773	$ 12,102,129

The details of each plan are as follows:

California State Teachers' Retirement System (CalSTRS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

The STRP provides retirement, disability and survivor benefits to beneficiaries. Benefits are based on members' final compensation, age, and years of service credit. Members hired on or before December 31, 2012, with five years of credited service are eligible for the normal retirement benefit at age 60. Members hired on or after January 1, 2013, with five years of credited service are eligible for the normal retirement benefit at age 62. The normal retirement benefit is equal to 2.0 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, 2023, 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, 2023, are presented and the District's total contributions were $9,778,570.

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

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

Total net pension liability, including State share	
Proportionate share of net pension liability	$ 56,999,798
State’s proportionate share of the net pension liability	28,545,276
Total	$ 85,545,074

The net pension liability was measured as of June 30, 2022. The District’s proportion of the net pension liability was based on a projection of the District’s long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. The District’s proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.0820% and 0.0808%, resulting in a net increase in the proportionate share of 0.0012%.

For the fiscal year ended June 30, 2023, the District recognized pension expense of $6,519,951. In addition, the District recognized pension expense and revenue of $2,302,158 for support provided by the State.

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 9,778,570	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	4,824,411	57,758
Differences between projected and actual earnings on pension plan investments	-	2,787,400
Differences between expected and actual experience in the measurement of the total pension liability	46,757	4,273,795
Changes of assumptions	2,826,775	-
Total	$ 17,476,513	$ 7,118,953

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
2024	$ (2,047,552)
2025	(2,218,176)
2026	(3,332,152)
2027	4,810,480
Total	$ (2,787,400)

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

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 3,148,441
2025	712,734
2026	111,194
2027	24,528
2028	(424,825)
Thereafter	(205,682)
Total	$ 3,366,390

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, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of July 1, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	June 30, 2021
Measurement date	June 30, 2022
Experience study	July 1, 2015 through June 30, 2018
Actuarial cost method	Entry age normal
Discount rate	7.10%
Investment rate of return	7.10%
Consumer price inflation	2.75%
Wage growth	3.50%

CalSTRS uses a generational mortality assumption, which involves the use of a base mortality table and projection scales to reflect expected annual reductions in mortality rates at each age, resulting in increases in life expectancies each year into the future. The base mortality tables are CalSTRS custom tables derived to best fit the patterns of mortality among its members. The projection scale was set equal to 110 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 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	42%	4.8%
Real estate	15%	3.6%
Private equity	13%	6.3%
Fixed income	12%	1.3%
Risk mitigating strategies	10%	1.8%
Inflation sensitive	6%	3.3%
Cash/liquidity	2%	-0.4%

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return 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%)	$ 96,806,798
Current discount rate (7.10%)	56,999,798
1% increase (8.10%)	23,948,020

California Public Employees Retirement System (CalPERS)

Plan Description

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

A full description of the pension plan regarding benefit provisions, assumptions (for funding, but not accounting purposes), and membership information is listed in the June 30, 2021 annual actuarial valuation report, Schools Pool Actuarial Valuation. This report and CalPERS audited financial information are publicly available reports that can be found on the CalPERS website under Forms and Publications at: https://www.calpers.ca.gov/page/forms-publications.

Benefits Provided

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

The CalPERS provisions and benefits in effect at June 30, 2023, are summarized as follows:

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

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2023, are presented and the total District contributions were $5,592,215.

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

As of June 30, 2023, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $42,994,077. The net pension liability was measured as of June 30, 2022. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. The District's proportionate share for the measurement period June 30, 2022 and June 30, 2021, respectively was 0.1249% and 0.1280%, resulting in a net decrease in the proportionate share of 0.0031%.

For the year ended June 30, 2023, the District recognized pension expense of $5,582,178. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 5,592,215	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	326,677	569,072
Differences between projected and actual earnings on pension plan investments	5,076,432	-
Differences between expected and actual experience in the measurement of the total pension liability	194,308	1,069,748
Changes of assumptions	3,180,457	-
Total	$ 14,370,089	$ 1,638,820

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
2024	$ 846,588
2025	750,865
2026	383,551
2027	3,095,428
Total	$ 5,076,432

The deferred outflows/(inflows) of resources related to the change in proportion and differences between contributions made and District's proportionate share of contributions, differences between expected and actual experience in the measurement of the total pension liability, and changes of assumptions will be amortized over the Expected Average Remaining Service Life (EARSL) of all members that are provided benefits (active, inactive, and retirees) as of the beginning of the measurement period. The EARSL for the measurement period is 4.1 years and will be recognized in pension expense as follows:

Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	$ 890,548
2025	734,218
2026	489,023
2027	(51,167)
Total	$ 2,062,622

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, 2021, and rolling forward the total pension liability to June 30, 2022. The financial reporting actuarial valuation as of July 1, 2021, used the following methods and assumptions, applied to all prior periods included in the measurement:

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

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

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Assumed Asset Allocation	Long-Term Expected Real Rate of Return
Global Equity - cap-weighted	30%	4.45%
Global Equity non-cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
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%)	$ 62,107,121
Current discount rate (6.90%)	42,994,077
1% increase (7.90%)	27,197,848

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 $4.58 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 16 - Commitments and Contingencies

Grants

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

Litigation

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

Construction Commitments

As of June 30, 2023, 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	$ 15,000,000	July 2024
Total	$ 15,000,000	

Note 17 - 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.

Required Supplementary Information
June 30, 2023

Sunnyvale School District

	Budgeted Amounts			Variance
	Original	Final	Actual	Final to Actual
Revenues				
Local control funding formula	$ 98,593,121	$ 105,316,255	$ 105,711,692	$ 395,437
Federal sources	4,773,980	6,793,490	6,112,803	(680,687)
Other State sources	9,631,157	13,561,450	18,324,928	4,763,478
Other local sources	8,534,776	9,803,369	10,348,973	545,604
Total revenues	121,533,034	135,474,564	140,498,396	5,023,832
Expenditures				
Current				
Certificated salaries	49,604,391	54,276,213	52,574,627	1,701,586
Classified salaries	19,370,186	21,243,196	20,502,582	740,614
Employee benefits	33,330,579	35,783,282	34,128,383	1,654,899
Books and supplies	2,042,057	5,559,508	3,130,023	2,429,485
Services and operating expenditures	10,547,086	13,719,046	15,599,187	(1,880,141)
Other outgo	30,000	30,000	47,280	(17,280)
Capital outlay	54,000	624,634	634,792	(10,158)
Total expenditures	114,978,299	131,235,879	126,616,874	4,619,005
Excess (Deficiency) of Revenues Over Expenditures	6,554,735	4,238,685	13,881,522	9,642,837
Other Financing Sources (Uses)				
Transfers in	-	-	4,625	4,625
Transfers out	(1,958,502)	(1,217,165)	(618,976)	598,189
Net financing sources (uses)	(1,958,502)	(1,217,165)	(614,351)	602,814
Net Change in Fund Balances	4,596,233	3,021,520	13,267,171	10,245,651
Fund Balance - Beginning	36,835,573	36,835,573	36,835,573	-
Fund Balance - Ending	$ 41,431,806	$ 39,857,093	50,102,744	$ 10,245,651
Special Reserve Fund Balance			14,393,070	
Fund Balance - Ending (GAAP Basis)			$ 64,495,814	

[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 these other funds are included in the Actual (GAAP Basis) revenues and expenditures, however, are not included in the original and final General Fund budgets.

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 531,185	$ 463,059	$ 406,331	$ 367,104	$ 456,043	$ 442,760
Interest	205,982	258,018	307,867	362,907	317,967	312,567
Difference between expected and actual experience	-	(428,082)	-	(1,516,189)	-	-
Changes of assumptions	(1,114,830)	423,246	491,000	775,614	(338,801)	-
Benefit payments	(653,289)	(521,672)	(609,893)	(559,498)	(578,718)	(586,822)
Net change in total OPEB liability	(1,030,952)	194,569	595,305	(570,062)	(143,509)	168,505
Total OPEB Liability - Beginning	10,522,131	10,327,562	9,732,257	10,302,219	10,445,828	10,277,323
Total OPEB Liability - Ending	$ 9,491,179	$ 10,522,131	$ 10,327,562	$ 9,732,157	$ 10,302,319	$ 10,445,828
Covered-employee Payroll	$ 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	14.1%	16.9%	17.3%	16.6%	18.1%	18.8%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS									
Proportion of the net pension liability	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	$ 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	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	$ 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	$47,516,259	$44,060,489	$42,574,240	$40,305,191	$38,140,235	$35,433,174	$33,073,528	$27,416,212	$29,314,581
Proportionate share of the net pension liability as a percentage of its covered payroll	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%	87%	72%	73%	71%	69%	70%	74%	77%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
CalPERS									
Proportion of the net pension liability	0.1249%	0.1280%	0.1257%	0.1215%	0.1202%	0.1142%	0.1103%	0.1059%	0.1057%
Proportionate share of the net pension liability	$ 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	$ 19,568,843	$18,363,217	$18,112,423	$16,813,572	$15,866,311	$14,598,236	$13,188,492	$11,677,227	$11,126,540
Proportionate share of the net pension liability as a percentage of its covered payroll	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%	81%	70%	70%	71%	72%	74%	79%	83%
Measurement Date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
CalSTRS									
Contractually required contribution	$ 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	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	$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%	16.92%	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS									
Contractually required contribution	$ 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	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	$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	25.370%	22.910%	20.700%	19.721%	18.0620%	15.5310%	13.8880%	11.8470%	11.7710%

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

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.

Supplementary Information
June 30, 2023

Sunnyvale School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education			
Passed Through the Santa Clara County Office of Education			
Special Education Cluster			
Special Education Grants to States	84.027	15638	$ 177,459
Special Education Preschool Grants	84.173	15639	53,760
Special Education Grants to States	84.027	13379	1,098,925
Special Education Grants to States	84.027	10115	6,275
Special Education Grants to States	84.173	13430	86,788
Special Education-Preschool Grants	84.173	13431	549
Total Special Education Cluster			1,423,756
Passed Through California Department of Education (CDE)			
Education Stabilization Fund			
COVID-19 Elementary and Secondary School Emergency Relief Fund II	84.425D	15547	365,566
COVID-19 Elementary and Secondary School Emergency Relief Fund III	84.425U	15559	2,632,409
COVID-19 Elementary and Secondary School Emergency Relief Fund III	84.425U	10155	672,590
COVID-19 Elementary and Secondary School Emergency Relief Fund II	84.425D	15618	231,665
COVID-19 Governor's Emergency Education Relief Fund II	84.425C	15619	49,086
Total Education Stabilization Fund			3,951,316
Title I Grants to Local Educational Agencies	84.010	14329	220,477
Supporting Effective Instruction State Grants	84.367	14341	112,111
English Language Acquisition State Grants	84.365	14346	405,143
Total U.S. Department Education			6,112,803
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	930,811
School Breakfast Program	10.553	13525	40,610
School Breakfast Program	10.553	13526	265,889
National School Lunch Program	10.555	15655	132,424
National School Lunch Program - Commodity	10.555	13391	2,798
Total Child Nutrition Cluster			1,372,532
Passed Through California Department of Social Services			
Child and Adult Care Food Program	10.558	13393	201,250
Total U.S. Department of Agriculture			1,573,782
U.S. Department of Health and Human Services			
Passed through California Department of Education:			
COVID-19-Child Care and Development Fund Cluster			
Child Care and Development Block Grant	93.575	15641	101,556
Total Federal Financial Assistance			$ 7,788,141

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
Michelle Maginot	Vice President	2026
Eileen Le	Clerk	2026
Nancy Newkirk	Member	2024
Bridget Watson	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
Lori Van Gogh	Chief Business Officer

	Final Report	
	Second Period Report	Annual Report
Regular ADA		
Transitional kindergarten through third	2,504.07	2,509.34
Fourth through sixth	1,689.87	1,696.24
Seventh and eighth	950.27	952.83
Total Regular ADA	5,144.21	5,158.41
Extended Year Special Education		
Transitional kindergarten through third	3.74	3.74
Fourth through sixth	1.64	1.64
Seventh and eighth	0.10	0.10
Total Extended Year Special Education	5.48	5.48
Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	2.27	2.37
Fourth through sixth	3.62	3.89
Seventh and eighth	2.54	2.30
Total Special Education, Nonpublic, Nonsectarian Schools	8.43	8.56
Extended Year Special Education, Nonpublic, Nonsectarian Schools		
Transitional kindergarten through third	0.08	0.08
Fourth through sixth	0.30	0.30
Seventh and eighth	0.11	0.11
Total Extended Year Special Education, Nonpublic, Nonsectarian Schools	0.49	0.49
Total ADA	5,158.61	5,172.94

Grade Level	1986-1987 Minutes Requirement	2022-2023 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		53,280	181	N/A	Complied
Grade 2		53,280	181	N/A	Complied
Grade 3		53,280	181	N/A	Complied
Grades 4 - 8	54,000				
Grade 4		55,490	181	N/A	Complied
Grade 5		55,490	181	N/A	Complied
Grade 6		59,786	181	N/A	Complied
Grade 7		59,786	181	N/A	Complied
Grade 8		59,786	181	N/A	Complied

There were no adjustments to the Unaudited Actual Financial Report, which required reconciliation to the audited financial statements at June 30, 2023.

	(Budget) 2024 [1]	2023	2022	2021
General Fund				
Revenues and other sources	$ 127,280,084	$ 140,766,992	$ 124,002,529	$ 105,728,905
Expenditures	127,431,972	126,616,874	115,597,622	102,275,476
Net other uses and transfers	1,150,380	243,976	578,799	649,057
Total Expenditures and Other Uses	128,582,352	126,860,850	116,176,421	102,924,533
Increase/(Decrease) in Fund Balance	(1,302,268)	13,906,142	7,826,108	2,804,372
Ending Fund Balance	$ 60,389,173	$ 61,691,441	$ 47,785,299	$ 39,959,191
Available Reserves [2]	$ 40,056,123	$ 42,237,943	$ 40,258,197	$ 33,238,941
Available Reserves as a Percentage of Total Outgo	31.15%	33.29%	34.65%	32.29%
Long-Term Liabilities	$ 380,699,917	$ 389,339,013	$ 330,029,674	$ 346,452,069
K-12 Average Daily Attendance at P-2	5,206	5,159	5,154	6,185

The General Fund balance has increased by $21,732,250 over the past two years. The fiscal year 2023-2024 budget projects a decrease of $1,302,268 in the General Fund balance. For a district this size, the State recommends available reserves of at least 3 percent of total General Fund expenditures, transfers out, and other uses (total outgo).

The District has incurred operating surpluses for the past two years but anticipates incurring an operating deficit during the 2023-2024 fiscal year. Total long-term liabilities have increased by $42,886,944 over the past two years.

Average daily attendance has declines by 1,026 over the past two years. An increase of 47 ADA is anticipated during fiscal year 2023-2024.

[1] Financial information for 2024, 2022, and 2021 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	Total Non-Major Governmental Funds
Assets						
Deposits and investments	$ 798,828	$ 1,028,829	$ 19,240	$ 11,171,131	$ 874,534	$ 13,892,562
Receivables	35,824	591,593	156	90,863	5,867	724,303
Due from other funds	5,571	238,405	-	-	-	243,976
Stores inventories	-	108,237	-	-	-	108,237
Total assets	$ 840,223	$ 1,967,064	$ 19,396	$ 11,261,994	$ 880,401	$ 14,969,078
Liabilities and Fund Balances						
Liabilities, Deferred Inflows of Resources, and Fund Balances						
Accounts payable	$ -	$ 25,389	$ -	$ 528,894	$ -	$ 554,283
Due to other funds	-	999,425	-	-	-	999,425
Unearned revenue	711,096	-	-	-	-	711,096
Total liabilities	711,096	1,024,814	-	528,894	-	2,264,804
Fund Balances						
Nonspendable	-	108,537	-	-	-	108,537
Restricted	129,127	833,713	19,396	10,733,100	880,401	12,595,737
Total fund balances	129,127	942,250	19,396	10,733,100	880,401	12,704,274
Total liabilities, deferred inflows of resources, and fund balances	$ 840,223	$ 1,967,064	$ 19,396	$ 11,261,994	$ 880,401	$ 14,969,078

	Child Development Fund	Cafeteria Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Revenues						
Federal sources	$ 101,556	$ 1,573,782	$ -	$ -	$ -	$ 1,675,338
Other State sources	898,597	2,798,487	-	-	900,406	4,597,490
Other local sources	(4,227)	9,415	380	2,141,012	(20,151)	2,126,429
Total revenues	995,926	4,381,684	380	2,141,012	880,255	8,399,257
Expenditures						
Current						
Instruction	765,823	-	-	-	-	765,823
Instruction-related activities						
Supervision of instruction	58,459	-	-	-	-	58,459
School site administration	93,392	-	-	-	-	93,392
Pupil services						
Food services	-	4,306,015	-	-	-	4,306,015
Plant services	-	-	-	62,598	-	62,598
Capital Outlay	-	-	-	1,014,290	-	1,014,290
Total expenditures	917,674	4,306,015	-	1,076,888	-	6,300,577
Excess (Deficiency) of Revenues Over Expenditures	78,252	75,669	380	1,064,124	880,255	2,098,680
Other Financing Sources (Uses)						
Transfers in	5,571	238,405	-	-	-	243,976
Transfers out	-	(4,625)	-	-	-	(4,625)
Net Financing Sources (Uses)	5,571	233,780	-	-	-	239,351
Net Change in Fund Balances	83,823	309,449	380	1,064,124	880,255	2,338,031
Fund Balance - Beginning	45,304	632,801	19,016	9,668,976	145	10,366,242
Fund Balance - Ending	$ 129,127	$ 942,250	$ 19,396	$ 10,733,100	$ 880,400	$ 12,704,273

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, 2023. 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.

Local Education Agency Organization Structure

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

Schedule of Average Daily Attendance (ADA)

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

Schedule of Instructional Time

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

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

Reconciliation of Annual Financial and Budget Report with Audited Financial Statements

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

Schedule of Financial Trends and Analysis

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

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.

Independent Auditor's Reports
June 30, 2023

Sunnyvale School District

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

To the Governing Board
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, 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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 15, 2023.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Eide Bailly LLP

Menlo Park, California
December 15, 2023

EideBailly
CPAs & BUSINESS ADVISORS

Independent Auditor's Report on Compliance for Each Major Federal Program and 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, 2023. 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

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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 15, 2023

Independent Auditor's Report on State Compliance

To the Governing Board
Sunnyvale School District
Sunnyvale, California

Report on Compliance

Opinion on State Compliance [1, 2]

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

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

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

2022-2023 K-12 Audit Guide Procedures	Procedures Performed [3]
Local Education Agencies Other Than Charter Schools	
Attendance	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Independent Study	No
Continuation Education	Not Applicable
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes

2022-2023 K-12 Audit Guide Procedures	Procedures Performed [3]
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
Transportation Maintenance of Effort	Yes
Apprenticeship: Related and Supplemental Instruction	Not Applicable
Comprehensive School Safety Plan	Yes
District of Choice	Not Applicable
Home to School Transportation Reimbursement	Yes
Independent Study Certification for ADA Loss Mitigation	Yes
School Districts, County Offices of Education, and Charter Schools	
California Clean Energy Jobs Act	Yes
After/Before School Education and Safety Program	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Local Control and Accountability Plan	Yes
Independent Study - Course Based	Not Applicable
Immunizations	Yes
Educator Effectiveness	Yes
Expanded Learning Opportunities Grant (ELO-G)	Yes
Career Technical Education Incentive Grant	Yes
Transitional Kindergarten	Yes
Charter Schools	
Attendance	Not Applicable
Mode of Instruction	Not Applicable
Nonclassroom-Based Instruction/Independent Study	Not Applicable
Determination of Funding for Nonclassroom-Based Instruction	Not Applicable
Annual Instructional Minutes - Classroom Based	Not Applicable
Charter School Facility Grant Program	Not Applicable

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

Early Retirement Incentive
The District did not have any employees retire under the CalSTRS Early Retirement Incentive program; therefore, testing was not required.

Juvenile Court Schools
We did not perform Juvenile Court Schools procedures because the program is not offered by the District.

Middle or Early College High Schools
We did not perform Middle or Early College High Schools procedures because the program is not offered by the District.

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

District of Choice
The District did not elect to operate as a school district of choice; therefore, we did not perform procedures related to District of Choice.

Independent Study - Course Based

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

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identify 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 on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that a material noncompliance with a compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention from those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 *2022-2023 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Accordingly, this report is not suitable for any other purpose.

Eide Bailly LLP

Menlo Park, California
December 15, 2023

Schedule of Findings and Questioned Costs
June 30, 2023

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	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

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

Identification of major programs:

Name of Federal Program or Cluster	Federal Financial Assistance/ Federal CFDA Number
Special Education Cluster	84.027, 84.173
COVID19- Elementary and Secondary School Emergency Relief Fund GEER II, ESSER II, and ESSER III	84.425C, 84.425D, and 84.425U

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	No
Significant deficiencies identified not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for state programs	Unmodified

Section II – Financial Statement Findings

None reported.

Section III - Federal Awards Findings and Questioned Costs

None reported.

Section VI - State Compliance Findings and Questioned Costs

None reported.

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