Financial Statements
June 30, 2021

Sunnyvale School District

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Independent Auditor's Report

To the Governing Board
Sunnyvale School District
Sunnyvale, California

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sunnyvale School District (District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12, the budgetary comparison information, schedule of changes in the total OPEB liability and related ratios, schedule of the proportionate share of the net pension liability, and the schedule of contributions on pages 67 through 72, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated January 20, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Eide Bailly LLP

Menlo Park, California
January 20, 2022

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, 2021, with comparative information for the year ended June 30, 2020. Please read it in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

The Financial Statements

The financial statements presented herein include all of the activities of the District and its component units using the integrated approach as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34.

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

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

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

The *Fund Financial Statements* present Governmental activities, such as regular and special education, transportation and administration. Property taxes and State formula aid finance most of these activities.

The Fund Financial Statements provide a more detailed picture of the District's operations than government-wide statements.

The primary unit of the government is the Sunnyvale School District.

The Government-Wide Financial Statements

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

These two statements report the District's net position and changes in it. Net position is the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, which is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position will serve as a useful indicator of whether the financial position of the District is improving or deteriorating. Other factors to consider are changes in the District's property tax base and the condition of the District's facilities.

The relationship between revenues and expenses is the District's operating results. Since the Board's responsibility is to provide services to students and not to generate profit as commercial entities do, one must consider other factors when evaluating the overall health of the District. The quality of the education and the safety of our schools are important components in this evaluation.

The *Statement of Net Position* and the *Statement of Activities* are derived from the District's governmental activities.

Governmental Activities – All of the District's services are reported in this category. This includes the education of kindergarten through grade eight students, the operation of child development activities, and the on-going effort to improve and maintain buildings and sites. Property taxes, state income taxes, user fees, interest income, federal, state and local grants, as well as general obligation bonds, finance these activities.

Fund Financial Statements

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

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

Government-Wide Overall Financial Analysis

Net Position

The District's net position was -$15.6 million for the fiscal year ended June 30, 2021, a 15.7% increase over the net position for the fiscal year ended June 30, 2020. Of this amount, $22.5 million is invested in capital assets, net of 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		
	2021	2020	Percentage Change
Assets			
Current and other assets	$ 78,610,323	$ 74,347,451	5.7%
Capital assets	225,373,186	224,961,988	0.2%
Total assets	303,983,509	299,309,439	1.6%
Deferred outflows of resources	42,306,376	42,893,280	-1.4%
Liabilities			
Current liabilities	6,930,384	8,088,514	-14.3%
Long-term liabilities	351,318,171	346,452,069	1.4%
Total liabilities	358,248,555	354,540,583	1.0%
Deferred inflows of resources	3,645,432	6,162,610	-40.8%
Net Position			
Net investment in capital assets	22,488,348	24,642,080	-8.7%
Restricted	21,973,814	19,958,298	10.1%
Unrestricted	(60,066,264)	(63,100,852)	4.8%
Total net position	$ (15,604,102)	$ (18,500,474)	15.7%

Changes in Net Position

The results of this year's operations for the District as a whole are reported in the Statement of Activities on page 1. 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		Percentage
	2021	2020	Change
Revenues			
Program revenues			
Charges for services	$ 626,200	$ 2,021,451	-69.0%
Operating grants and contributions	16,361,005	14,053,777	16.4%
General revenues			
Federal and State aid not restricted	4,717,269	5,781,174	-18.4%
Property taxes	106,411,702	97,317,841	9.3%
Other general revenues	12,231,756	7,153,603	71.0%
Total revenues	140,347,932	126,327,846	11.1%
Expenses			
Instruction-related	95,489,310	91,431,373	4.4%
Pupil services	14,411,501	13,869,646	3.9%
Administration	7,748,429	7,320,305	5.8%
Plant services	8,711,032	9,167,297	-5.0%
All other services	11,091,288	10,712,983	3.5%
Total expenses	137,451,560	132,501,604	3.7%
Change in net position	$ 2,896,372	$ (6,173,758)	146.9%

Total revenues increased 11.1% over the previous fiscal period to $140.3 million. Total expenditures increased 3.7% over the previous period to $137.5 million.

Governmental Activities

As reported in the *Statement of Activities*, the cost of all of our governmental activities this year was $137.5 million. However, the amount that our taxpayers ultimately financed for these activities through local taxes was only $106.4 million because the cost was paid by those who benefited from the programs ($0.6 million) or by other governments and organizations who subsidized certain programs with grants and contributions ($16.4 million). We paid for the remaining "public benefit" portion of our governmental activities with $4.8 million in federal and state funds, and with $12.2 million other revenues.

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

Table 3
Net Cost of Governmental Activities

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2021	2020	Change	2021	2020	Change
Instruction-related	$ 95.5	$ 91.4	4.4%	$ (83.9)	$ (74.2)	13.0%
Pupil services	14.4	13.9	3.9%	(10.8)	(9.1)	18.6%
Administration	7.7	7.3	5.8%	(7.7)	(7.2)	5.8%
Plant services	8.7	9.2	-5.0%	(8.6)	(8.0)	7.9%
All other services	11.1	10.7	3.5%	(9.6)	(8.2)	17.0%
Total	$ 137.5	$ 132.5	3.7%	$ (120.5)	$ (106.7)	12.9%

Financial Analysis of Governmental Funds

As the District completed this year, our governmental funds reported a combined fund balance of $74.51 million of which $42.76 million was in the General Fund.

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 17, 2021. (A schedule showing the District's original and final budget amounts compared with amounts actually paid and received is provided in our annual report on page 63).

- 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 districtwide phone system.
- Textbook expenditures were adjusted to accommodate a 4^{th}-8th grade Reading Language Arts textbook adoption.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2021, the District had $225.3 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 $0.4 million, or 0.2 percent, from last year (Table 4).

This year's additions of $61.6 million include a parking lot and driveway renovation at the District Office, exterior improvements and upgrades at Cherry Chase Elementary School, the purchase of 4 Bluebird electric school buses, the beginning stages of a complete campus renovation at Ellis Elementary School including the installation of portable student housing and a partial campus demolition. 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 2021	Governmental Activities 2020	Percentage Change
Land and construction in progress	$ 13,379,621	$ 55,971,860	-76.1%
Buildings and improvements	208,143,521	166,575,375	25.0%
Vehicles	1,781,086	157,863	1028.2%
Equipment	2,068,958	2,256,890	-8.3%
Total	$ 225,373,186	$ 224,961,988	0.2%

Long-Term Liabilities

At the end of this year, the District had $351.3 million in long-term liabilities outstanding versus $346.5 million last year, an increase of 1.4 percent (see Table 5). More detailed information about the District's long-term obligations is presented in Note 10 to the financial statements.

Table 5
Long-Term Liabilities

	Governmental Activities 2021	Governmental Activities 2020	Percentage Change
Long-Term Liabilities			
General obligation bonds	$ 209,889,900	$ 216,950,000	-3.3%
Unamortized premiums/(discounts)	15,955,361	16,858,438	-5.4%
Compensated absences	919,747	671,991	36.9%
Total OPEB liability	10,327,562	9,732,257	6.1%
Aggregate net pension liability	114,225,601	102,239,383	11.7%
Total	$ 351,318,171	$ 346,452,069	1.4%

Discussion of Fiscal Year 2020-2021 and Outlook for 2021-2022 and Beyond:

The Sunnyvale School District serves more than 6,134 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 K-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 2020-2021 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 29.7% Hispanic, 21.4% white, 29.8% Asian, 5.4% Filipino, and 13.7% 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 uses the framework of the Seven Correlates of Effective Schools as a basis for decision-making and they serve as our guiding principles. The Seven Correlates are:

1. Frequent monitoring of student progress
2. Safe and orderly environment
3. Opportunity to learn and student time on task
4. Climate of high expectations
5. Strong instructional leadership
6. Clear and focused mission
7. Positive home – school relations

As a result, the District strives to meet programmatic goals that will allow for reasonable class sizes, staff training and support, counseling, 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.

The District is committed to continuing to provide a comprehensive instructional program while focusing services on the students and communities most in need of support. The 2020-2021 school year had its share of ongoing COVID-19 related challenges but it was also a year of growth, unity, and new beginnings. Funding for public schools has stabilized and the funding model itself has changed to focus financial support on the students with the greatest needs. The District has adopted the California Common Core State Educational Standards that provides a deeper learning experience and develops critical thinking skills in our students. 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 G allows the District to support school facilities and instructional technology. Management is committed to monitor and oversee spending in a fiscally responsible manner to maintain the financial strength of the school district.

In response to the COVID-19 pandemic Congress passed the CARES Act relief package which provides districts with additional funding for student support, technology, and district maintenance in connection with ongoing COVID-19 challenges. Other financial impacts could occur though such potential impact is unknown at this time.

Net Pension Liability (NPL)

At year-end, the District has a net pension liability of $114.2 million versus $102.2 million last year, an increase of $12.0 million, or 11.7 percent.

GASB Statements No. 68 and No. 71 introduced requirements for accrual-basis recognition by state and local governments of employer costs and obligations for pensions. Under the new accounting standards, if the present value of benefits earned by all employees participating in the California State Teachers Retirement System (CalSTRS) or California Public Employees' Retirement System (CalPERS) pension plan exceeds the resources accumulated by the pension plan to benefits, Local Education Agencies (LEAs) must now report in their government wide financial statements their proportionate share of the plan's net pension liability. At present, both CalSTRS and CalPERS have a net pension liability. The district has implemented GASB Statements No. 68 and No. 71 in the fiscal year 2014-2015.

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, CFO/Director of Fiscal Services 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	$ 74,808,339
Receivables	3,074,325
Due from other governments	487,470
Stores inventories	240,189
Capital assets not depreciated	13,379,621
Capital assets, net of accumulated depreciation	211,993,565
Total assets	303,983,509
Deferred Outflows of Resources	
Deferred charge on refunding	10,359,496
Deferred outflows of resources related to OPEB	1,429,174
Deferred outflows of resources related to pensions	30,517,706
Total deferred outflows of resources	42,306,376
Liabilities	
Accounts payable	2,378,520
Interest payable	2,834,595
Unearned revenue	1,717,269
Long-term liabilities	
Long-term liabilities other than OPEB and pensions	
Due within one year	7,314,659
Long-term liabilities other than OPEB and pensions	
Due in more than one year	219,450,349
Total other postemployment benefits liability (OPEB)	10,327,562
Aggregate net pension liabilities	114,225,601
Total liabilities	358,248,555
Deferred Inflows of Resources	
Deferred inflows of resources related to OPEB	1,476,155
Deferred inflows of resources related to pensions	2,169,277
Total deferred inflows of resources	3,645,432
Net Position	
Net investment in capital assets	22,488,348
Restricted for	
Debt service	9,294,506
Capital projects	6,851,611
Educational programs	5,696,198
Food Services	131,499
Unrestricted	(60,066,264)
Total net position	$ (15,604,102)

Functions/Programs	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Governmental Activities
Governmental Activities				
Instruction	$ 78,767,619	$ 18,130	$ 10,889,184	$ (67,860,305)
Instruction-related activities				
Supervision of instruction	7,640,960	-	347,003	(7,293,957)
Instructional library, media, and technology	494,443	-	1,719	(492,724)
School site administration	8,586,288	-	381,556	(8,204,732)
Pupil services				
Home-to-school transportation	1,351,880	-	-	(1,351,880)
Food services	3,189,318	(6,900)	2,422,821	(773,397)
All other pupil services	9,870,303	-	1,222,864	(8,647,439)
Administration				
Data processing	2,109,027	-	-	(2,109,027)
All other administration	5,639,402	356	83,458	(5,555,588)
Plant services	8,711,032	1,815	93,323	(8,615,894)
Interest on long-term liabilities	11,061,288	-	-	(11,061,288)
Other outgo	30,000	612,799	919,077	1,501,876
Total governmental activities	137,451,560	626,200	16,361,005	(120,464,355)
Total primary government	$ 137,451,560	$ 626,200	$ 16,361,005	(120,464,355)
General Revenues and Subventions				
Property taxes, levied for general purposes				90,405,644
Property taxes, levied for debt service				14,575,669
Taxes levied for other specific purposes				1,430,389
Federal and State aid not restricted to specific purposes				4,717,269
Interest and investment earnings				82,933
Interagency revenues				1,656
Miscellaneous				12,147,167
Total general revenues and transfers				123,360,727
Change in Net Position				2,896,372
Net Position - Beginning				(18,500,474)
Net Position - Ending				$ (15,604,102)

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Assets						
Deposits and investments	$ 42,141,563	$ 565,645	$ 13,065,767	$ 12,117,199	$ 6,918,165	$ 74,808,339
Receivables	2,879,724	111,073	24,425	11,902	47,201	3,074,325
Due from other funds	571,712	-	-	-	18,757	590,469
Due from other governments	487,470	-	-	-	-	487,470
Stores inventories	154,204	85,985	-	-	-	240,189
Total assets	$ 46,234,673	$ 762,703	$ 13,090,192	$ 12,129,101	$ 6,984,123	$ 79,200,792
Liabilities and Fund Balances						
Liabilities						
Accounts payable	$ 1,826,779	$ 70,753	$ 478,004	$ -	$ 2,984	$ 2,378,520
Due to other funds	18,757	560,451	11,261	-	-	590,469
Unearned revenue	1,625,574	-	-	-	91,695	1,717,269
Total liabilities	3,471,110	631,204	489,265	-	94,679	4,686,258
Fund Balances						
Nonspendable	180,204	86,285	-	-	-	266,489
Restricted	5,658,365	45,214	12,600,927	12,129,101	6,889,444	37,323,051
Assigned	3,686,053	-	-	-	-	3,686,053
Unassigned	33,238,941	-	-	-	-	33,238,941
Total fund balances	42,763,563	131,499	12,600,927	12,129,101	6,889,444	74,514,534
Total liabilities and fund balances	$ 46,234,673	$ 762,703	$ 13,090,192	$ 12,129,101	$ 6,984,123	$ 79,200,792

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

Total fund balance - governmental funds		$ 74,514,534
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	$ 306,635,515	
Accumulated depreciation is	(81,262,329)	
Net capital assets		225,373,186
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.		(2,834,595)
Deferred outflows of resources represent a consumption of net position in a future period and is not reported in the governmental funds. Deferred outflows of resources amounted to and related to		
Debt refundings (deferred charge on refunding)	10,359,496	
Other postemployment benefits (OPEB)	1,429,174	
Net pension liability	30,517,706	
Total deferred outflows of resources		42,306,376
Deferred inflows of resources represent an acquisition of net position that applies to a future period and is not reported in the governmental funds. Deferred inflows of resources amount to and related to		
Other postemployment benefits (OPEB)	(1,476,155)	
Net pension liability	(2,169,277)	
Total deferred inflows of resources		(3,645,432)
Net pension liability is not due and payable in the current period, and is not reported as a liability in the funds.		(114,225,601)
The District's OPEB liability is not due and payable in the current period, and is not reported as a liability in the funds.		(10,327,562)
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	(225,845,261)	
Compensated absences (vacations)	(919,747)	
Total long-term liabilities		(226,765,008)
Total net position - governmental activities		$ (15,604,102)

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues						
Local control funding formula	$ 93,756,930	$ -	$ -	$ -	$ -	$ 93,756,930
Federal sources	5,549,798	2,014,613	-	-	37,485	7,601,896
Other State sources	9,804,835	279,323	-	24,647	720,609	10,829,414
Other local sources	10,813,828	-	219,686	14,495,286	683,698	26,212,498
Total revenues	119,925,391	2,293,936	219,686	14,519,933	1,441,792	138,400,738
Expenditures						
Current						
Instruction	64,836,062	-	-	-	634,255	65,470,317
Instruction-related activities						
Supervision of instruction	6,535,312	-	-	-	54,435	6,589,747
Instructional library, media, and technology	352,672	-	-	-	-	352,672
School site administration	7,128,316	-	-	-	51,793	7,180,109
Pupil services						
Home-to-school transportation	1,126,427	-	-	-	-	1,126,427
Food services	129,484	2,626,266	-	-	-	2,755,750
All other pupil services	8,224,982	-	-	-	-	8,224,982
Administration						
Data processing	1,851,222	-	-	-	-	1,851,222
All other administration	4,867,688	-	-	-	-	4,867,688
Plant services	6,873,497	-	630,334	-	48,766	7,552,597
Other outgo	30,000	5,694	-	-	-	35,694
Capital Outlay	1,923,172	-	8,515,399	-	14,632	10,453,203
Debt service						
Principal	-	-	-	7,685,000	-	7,685,000
Interest and other	-	-	-	8,784,342	-	8,784,342
Total expenditures	103,878,834	2,631,960	9,145,733	16,469,342	803,881	132,929,750
Excess (Deficiency) of Revenues Over Expenditures	16,046,557	(338,024)	(8,926,047)	(1,949,409)	637,911	5,470,988
Other Financing Sources (Uses)						
Transfers in	-	338,023	-	-	18,757	356,780
Transfers out	(356,780)	-	-	-	-	(356,780)
Net Financing Sources (Uses)	(356,780)	338,023	-	-	18,757	-
Net Change in Fund Balances	15,689,777	(1)	(8,926,047)	(1,949,409)	656,668	5,470,988
Fund Balance - Beginning	27,073,786	131,500	21,526,974	14,078,510	6,232,776	69,043,546
Fund Balance - Ending	$ 42,763,563	$ 131,499	$ 12,600,927	$ 12,129,101	$ 6,889,444	$ 74,514,534

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

Total net change in fund balances - governmental funds		$ 5,470,988
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures; however, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities. This is the amount by which capital outlays exceeds depreciation in the period.		
Depreciation expense	$ (10,118,539)	
Capital outlays	10,529,737	
Net expense adjustment		411,198
The District issued capital appreciation general obligations bonds. The accretion of interest on the general obligation bonds during the current fiscal year was		(624,900)
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.		(247,756)
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.		(8,968,283)
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.		(80,906)

Governmental funds report the effect of premiums, discounts, and the deferred charge on refunding when the debt is first issued, whereas the amounts are deferred and amortized in the statement of activities.	
Deferred charge on refunding recognized	(1,602,060)
Premium amortization	903,077
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	7,685,000
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.	(49,986)
Change in net position of governmental activities	$ 2,896,372

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 kindergarten 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. As a result, the General Fund reflects an increase in assets, fund balance and revenues of $13,653,178, $13,653,178, and $1,960, respectively.

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).

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. One of the District's Special Revenue Funds, Cafeteria Fund, is presented under Major Governmental Funds category above.

- **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.

- **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.).

Debt Service Funds The Debt Service funds are used to account for the accumulation of resources for and the payment of principal and interest on general long-term liabilities. The District has only one fund under this type, Bond Interest and Redemption Fund, which is presented under Major Governmental Funds category above.

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. 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. Nonmajor funds are aggregated and presented in a single column.

- **Governmental Funds** All governmental funds are accounted for using the flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund 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 entity-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.

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

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position also reports deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The District reports deferred outflows of resources for deferred charges on refunding of debt, for pension related items, and for OPEB related items. The deferred charge on refunding resulted from the difference between the carrying value of the refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate to differences between expected and actual earnings on investments, changes of assumptions, and other pension and OPEB related changes.

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

Pensions

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

Fund Balances - Governmental Funds

As of June 30, 2021, 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.

Committed - amounts that can be used only for specific purposes determined by a formal action of the governing board. The governing board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions or other action as approved by the governing board. The District currently does not have any committed funds.

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.

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 20% 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.

Change in Accounting Principles

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all State and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

The provisions of this Statement have been implemented as of June 30, 2021.

In August 2018, the GASB issued Statement 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 60*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100% equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100% equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The provisions of this Statement have been implemented as of June 30, 2021.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate). This Statement achieves that objective by:

- Providing exceptions for certain hedging derivative instruments to the hedge accounting termination provisions when an IBOR is replaced as the reference rate of the hedging derivative instrument's variable payment.
- Clarifying the hedge accounting termination provisions when a hedged item is amended to replace the reference rate.
- Clarifying that the uncertainty related to the continued availability of IBORs does not, by itself, affect the assessment of whether the occurrence of a hedged expected transaction is probable.
- Removing LIBOR as an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap.
- Identifying a Secured Overnight Financing Rate and the Effective Federal Funds Rate as appropriate benchmark interest rates for the qualitative evaluation of the effectiveness of an interest rate swap.
- Clarifying the definition of reference rate, as it is used in Statement 53, as amended.
- Providing an exception to the lease modifications guidance in Statement 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend.

The provisions of this Statement have been implemented as of June 30, 2021, except for the following, which are not applicable until a later date as noted: the removal of LIBOR as an appropriate benchmark interest rate (paragraph 11b) is effective for reporting periods ending after December 31, 2021. Paragraph 13 and 14 related to lease modifications is effective for reporting periods beginning after June 15, 2021. The effects of these change on the District's financial statements have not yet been determined.

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

The requirements of this Statement that (1) exempt primary governments that perform the duties that a governing board typically performs from treating the absence of a governing board the same as the appointment of a voting majority of a governing board in determining whether they are financially accountable for defined contribution pension plans, defined contribution OPEB plans, or other employee benefit plans and (2) limit the applicability of the financial burden criterion in paragraph 7 of Statement 84 to defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement 67 or paragraph 3 of Statement 74, respectively, have been implemented as of June 30, 2021.

The requirements of this Statement that are related to the accounting and financial reporting for Section 457 plans are effective for fiscal years beginning after June 15, 2021. For purposes of determining whether a primary government is financially accountable for a potential component unit, the requirements of this Statement that provide that for all other arrangements, the absence of a governing board be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform, are effective for reporting periods beginning after June 15, 2021. Earlier application of those requirements is encouraged and permitted by requirement as specified within this Statement. The effects of this change on the District's financial statements have not yet been determined.

New Accounting Pronouncements

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

The requirements of this Statement are effective for the reporting periods beginning after June 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The effects of this change on the District's financial statements have not yet been determined.

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for the reporting periods beginning after December 15, 2021. Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reporting.
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan.
- The applicability of Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits.
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements.
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition.
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers.

- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature.
- Terminology used to refer to derivative instruments.

The requirements of this Statement are effective as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirements related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2021.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2021.
- The requirements related to the measurement of liabilities (and assets, if any) associated with AROs in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2021.

Early implementation is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged. The effects of this change on the District's financial statements have not yet been determined.

Note 2 - Deposits and Investments

Summary of Deposits and Investments

Deposits and investments as of June 30, 2021, are classified in the accompanying financial statements as follows:

Governmental funds	$ 74,808,339

Deposits and investments as of June 30, 2021, consist of the following:

Cash on hand and in banks	$ 473,998
Cash in revolving	26,300
Investments in county pool	74,308,041
Total deposits and investments	$ 74,808,339

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 615 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, 2021.

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.

Note 4 - Receivables

Receivables at June 30, 2021, consisted of intergovernmental grants, entitlements, interest and other local sources. All receivables are considered collectible in full.

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Federal Government						
Categorical aid	$ 1,121,572	$ 110,623	$ -	$ -	$ -	$ 1,232,195
State Government						
LCFF apportionment	980,050	-	-	-	-	980,050
Categorical aid	234,875	-	-	-	-	234,875
Lottery	427,652	-	-	-	-	427,652
Local Government						
Interest	78,469	450	24,425	11,902	12,239	127,485
Other local sources	37,106	-	-	-	34,962	72,068
Total	$ 2,879,724	$ 111,073	$ 24,425	$ 11,902	$ 47,201	$ 3,074,325

Note 5 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Governmental Activities				
Capital assets not being depreciated				
Land	$ 3,814,433	$ -	$ -	$ 3,814,433
Construction in progress	52,157,427	8,512,800	(51,105,039)	9,565,188
Total capital assets not being depreciated	55,971,860	8,512,800	(51,105,039)	13,379,621
Capital assets being depreciated				
Land improvements	37,930,379	1,203,503	-	39,133,882
Buildings and improvements	195,130,936	49,901,536	-	245,032,472
Vehicles	1,148,652	1,932,259	-	3,080,911
Furniture and equipment	5,923,951	84,678	-	6,008,629
Total capital assets being depreciated	240,133,918	53,121,976	-	293,255,894
Total capital assets	296,105,778	61,634,776	(51,105,039)	306,635,515
Accumulated depreciation				
Land improvements	(12,561,295)	(1,895,263)	-	(14,456,558)
Buildings and improvements	(53,924,645)	(7,641,630)	-	(61,566,275)
Vehicles	(990,789)	(309,036)	-	(1,299,825)
Furniture and equipment	(3,667,061)	(272,610)	-	(3,939,671)
Total accumulated depreciation	(71,143,790)	(10,118,539)	-	(81,262,329)
Governmental activities capital assets, net	$ 224,961,988	$ 51,516,237	$ (51,105,039)	$ 225,373,186

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

Governmental Activities	
Instruction	$ 6,065,771
Supervision of instruction	618,742
Instructional library, media, and technology	112,617
School site administration	629,804
Home-to-school transportation	179,505
Food services	292,477
All other pupil services	745,226
Data processing	155,325
All other administration	493,034
Plant services	826,038
Total depreciation expenses governmental activities	$ 10,118,539

Note 6 - Interfund Transactions

Interfund Receivables/Payables (Due To/Due From)

Interfund receivable and payable balances arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivable and payable balances at June 30, 2021, between major and non-major governmental funds, non-major enterprise funds, internal service funds, and fiduciary funds are as follows:

Due To	Due From: General Fund	Due From: Non-Major Governmental Funds	Total
General Fund	$ -	$ 18,757	$ 18,757
Building Fund	11,261	-	11,261
Non-Major Governmental Funds	560,451	-	560,451
Total	$ 571,712	$ 18,757	$ 590,469

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, 2021, consisted of the following:

Transfer To	Transfer From: Cafeteria Fund	Transfer From: Non-Major Governmental Funds	Total
General Fund	$ 338,023	$ 18,757	$ 356,780

The General Fund transferred to the Cafeteria Fund to maintain a positive cash flow and to support the District's cafeteria operations.	$ 338,023
The General Fund transferred to the Child Development Fund to support program operations.	18,757
Total	$ 356,780

Note 7 - Deferred Charge on Refunding

Deferred charge on refunding is a consumption of net position by the District that is applicable to a future reporting period. For governmental activities, the net investment in capital assets amount of $22,488,348 includes the effect of deferring the recognition of loss from advance refunding. The $10,359,496 balance of the deferred outflow of resources at June 30, 2021 will be recognized as an expense and as a decrease in net position over the remaining life of related bonds.

	Balance July 1, 2020	Additions	Deductions	Balance June 30, 2021
Deferred charge on bond refunding	$ 11,961,556	$ -	$ (1,602,060)	$ 10,359,496

Note 8 - Accounts Payable

Accounts payable at June 30, 2021, consisted of the following:

	General Fund	Cafeteria Fund	Building Fund	Non-Major Governmental Funds	Total
Vendor payables	$ 1,273,940	$ 70,531	$ 478,004	$ 2,984	$ 1,825,459
Salaries and benefits	552,839	222	-	-	553,061
Total	$ 1,826,779	$ 70,753	$ 478,004	$ 2,984	$ 2,378,520

Note 9 - Unearned Revenue

Unearned revenue at June 30, 2021, consisted of the following:

	General Fund	Non-Major Governmental Funds	Total
Federal financial assistance	$ 51,081	$ -	$ 51,081
State categorical aid	923,009	91,695	1,014,704
Other local	651,484	-	651,484
Total	$ 1,625,574	$ 91,695	$ 1,717,269

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

Summary

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

	Balance July 1, 2020	Addition	Deductions	Balance June 30, 2021	Due in One Year
Long-Term Liabilities					
General obligation bonds	$ 216,950,000	$ 624,900	$ (7,685,000)	$ 209,889,900	$ 6,105,000
Unamortized debt premiums	16,858,438	-	(903,077)	15,955,361	903,077
Compensated absences	671,991	471,753	(223,997)	919,747	306,582
Total	$ 234,480,429	$ 1,096,653	$ (8,812,074)	$ 226,765,008	$ 7,314,659

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, 2020	Issued/ Accreted	Redeemed/ Refunded	Bonds Outstanding June 30, 2021
General Obligation Bonds							
2010 C	9/1/34	4.25-5.00%	$35,000,000	$ 4,000,000	$ 624,900	$ -	$ 4,624,900
2012 Ref	9/1/20	3.00-5.00%	4,925,000	685,000	-	(685,000)	-
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	7,550,000	-	(1,760,000)	5,790,000
2015 Ref	9/1/35	2.00-5.00%	110,610,000	107,735,000	-	(1,215,000)	106,520,000
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	28,000,000	-	(3,645,000)	24,355,000
2019 Ref	9/1/44	1.70-2.80%	27,590,000	27,590,000	-	(380,000)	27,210,000
				$ 216,950,000	$ 624,900	$ (7,685,000)	$209,889,900

Debt Service Requirements to Maturity

The bonds mature through 2045 as follows:

Fiscal Year	Principal	Interest to Maturity	Total
2022	$ 6,105,000	$ 8,462,026	$ 14,567,026
2023	6,485,000	8,177,542	14,662,542
2024	4,080,000	7,941,689	12,021,689
2025	4,320,000	7,750,443	12,070,443
2026	4,890,000	7,540,675	12,430,675
2027-2031	33,595,000	33,552,280	67,147,280
2032-2036	46,200,000	24,210,773	70,410,773
2037-2041	59,870,000	13,913,448	73,783,448
2042-2045	44,344,900	2,749,132	47,094,032
Subtotal	$ 209,889,900	$ 114,298,008	$ 324,187,908

Compensated Absences

Compensated absences (unpaid employee vacation) for the District at June 30, 2021, amounted to $919,747.

Note 11 - Fund Balance

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

	General Fund	Cafeteria Fund	Building Fund	Bond Interest and Redemption Fund	Non-Major Governmental Funds	Total
Nonspendable						
Revolving cash	$ 26,000	$ 300	$ -	$ -	$ -	$ 26,300
Stores inventories	154,204	85,985	-	-	-	240,189
Total nonspendable	180,204	86,285	-	-	-	266,489
Restricted						
Education program	5,658,365	-	-	-	56,892	5,715,257
Food service	-	45,214	-	-	-	45,214
Capital projects	-	-	12,600,927	-	6,832,204	19,433,131
Debt services	-	-	-	12,129,101	348	12,129,449
Total restricted	5,658,365	45,214	12,600,927	12,129,101	6,889,444	37,323,051
Assigned						
Program enrichment	2,561,053	-	-	-	-	2,561,053
Future technology upgrades	1,125,000	-	-	-	-	1,125,000
Total assigned	3,686,053	-	-	-	-	3,686,053
Unassigned						
Reserve for economic uncertainties	12,528,178	-	-	-	-	12,528,178
Remaining unassigned	20,710,763	-	-	-	-	20,710,763
Total unassigned	33,238,941	-	-	-	-	33,238,941
Total	$ 42,763,563	$ 131,499	$ 12,600,927	$ 12,129,101	$ 6,889,444	$ 74,514,534

Note 12 - Lease Revenue

Lease agreements have been entered into with various lessees for terms that exceed one year. None of the agreements contains purchase options. All of the agreements contain a termination clause providing for cancellation after a specified number of days written notice to lessees, but is unlikely that the District will cancel any of the agreements prior to their expiration date. The future minimum lease revenues expected to be received under these agreements are as follows:

Year Ending June 30,	Lease Payment
2022	$ 5,055,996
2023	5,207,676
2024	4,238,832
2025	4,352,530
2026	4,483,106
2027-2031	19,823,576
2032-2036	2,811,253
2037-2041	3,164,090
2042-2046	3,561,212
2047-2051	3,197,373
Total	$ 55,895,644

Note 13 - Total Other Postemployment Benefit (OPEB) Liability

For the fiscal year ended June 30, 2021, the District reported total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense for the following plans:

OPEB Plan	Total OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
Retiree Health Plan	$ 10,327,562	$ 1,429,174	$ 1,476,155	$ 80,906

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.

Plan Membership

At July 1, 2019, the valuation date, the Plan membership consisted of the following:

Inactive employees or beneficiaries currently receiving benefits payments	30
Active employees	699
Total	729

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.

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 $349,108.

Actuarial Assumptions

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

Inflation	3.00	percent
Salary increases	3.00	percent, average, including inflation
Discount rate	2.45	percent
Healthcare cost trend rates	5.90	percent tending down to 5.0 in 2029

The discount rate was based on the Bond Buyer 20-bond General Obligation Index.

Mortality rates were based on the 2009 CalSTRS Mortality Table for certificated employees and the 2014 CalPERS Active Mortality for Miscellaneous Employees Table for classified employees. Mortality rates vary by age and sex (unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used). If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce service costs, the mortality assumption is not likely to vary from employer to employer.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actual experience study for the period July 1, 2019 to June 30, 2020.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance, June 30, 2020	$ 9,732,257
Service cost	406,331
Interest	307,867
Differences between expected and actual experience	-
Changes of assumptions or other inputs	491,000
Benefit payments	(609,893)
Net change in total OPEB liability	595,305
Balance, June 30, 2021	$ 10,327,562

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

The following presents the 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 (1.45%)	$ 11,090,848
Current discount rate (2.45%)	10,327,562
1% increase (3.45%)	9,613,987

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 Rates	Total OPEB Liability
1% decrease	$ 9,361,894
Current healthcare cost trend rate (5.9% decreasing to 5.0%)	10,327,562
1% increase	11,439,198

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

For the year ended June 30, 2021, the District recognized OPEB expense of $80,906. At June 30, 2021, the District reported deferred outflows of resources for the amount paid by the District for OPEB as the benefits come due subsequent to measurement date of $349,108 which will be recognized to OPEB expense next year. At June 30, 2021, 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	$ 349,108	$ -
Differences between expected and actual experience	-	1,237,989
Changes of assumptions	1,080,066	238,166
Total	$ 1,429,174	$ 1,476,155

Amounts reported as 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
2022	$ (57,254)
2023	(57,254)
2024	(57,254)
2025	(57,254)
2026	(57,254)
Thereafter	(109,819)
Total	$ (396,089)

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, 2021, 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 2021, 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, 2021, 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	$ 75,649,803	$ 23,427,814	$ 2,133,453	$ 11,536,553
CalPERS	38,575,798	7,089,892	35,824	8,348,685
Total	$ 114,225,601	$ 30,517,706	$ 2,169,277	$ 19,885,238

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, 2019, annual actuarial valuation report, Defined Benefit Program Actuarial Valuation. This report and CalSTRS audited financial information are publicly available reports that can be found on the CalSTRS website under Publications at: http://www.calstrs.com/member-publications.

Benefits Provided

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

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

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

The STRP provisions and benefits in effect at June 30, 2021, 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	16.15%	16.15%
Required state contribution rate	10.328%	10.328%

Contributions

Required member, District and State of California contributions rates are set by the California Legislature and Governor and detailed in Teachers' Retirement Law. The contributions rates are expressed as a level percentage of payroll using the entry age normal actuarial method. 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, 2021, are presented above and the District's total contributions were $7,115,769.

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

At June 30, 2021, 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	$ 75,649,803
State's proportionate share of the net pension liability	38,997,482
Total	$ 114,647,285

The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, respectively was 0.0781 percent and 0.0740 percent, resulting in a net increase in the proportionate share of 0.0041 percent.

For the year ended June 30, 2021, the District recognized pension expense of $11,536,553. In addition, the District recognized pension expense and revenue of $5,463,165 for support provided by the State. At June 30, 2021, 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	$ 7,115,769	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	7,004,627	-
Differences between projected and actual earnings on pension plan investments	1,797,004	-
Differences between expected and actual experience in the measurement of the total pension liability	133,487	2,133,453
Changes of assumptions	7,376,927	-
Total	$ 23,427,814	$ 2,133,453

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
2022	$ (1,096,521)
2023	612,273
2024	1,221,552
2025	1,059,700
Total	$ 1,797,004

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
2022	$ 3,311,621
2023	3,459,941
2024	3,466,974
2025	1,148,494
2026	545,790
Thereafter	448,768
Total	$ 12,381,588

Actuarial Methods and Assumptions

Total pension liability for STRP was determined by applying update procedures to the financial reporting actuarial valuation as of July 1, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of July 1, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	July 1, 2019
Measurement date	June 30, 2020
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 (Pension Consulting Alliance-PCA) as an input to the process. The actuarial investment rate of return assumption was adopted by the board in January 2020 in conjunction with the most recent experience study. For each future valuation, CalSTRS consulting actuary (Milliman) reviews the return assumption for reasonableness based on the most current capital market assumptions. 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, 2020, 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 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and employers will be made at statutory contribution rates. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.10 percent) and assuming that contributions, benefit payments and administrative expense occurred midyear. Based on these assumptions, the STRP's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term assumed investment rate of return was applied to all periods of projected benefit payments to determine total pension liability.

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

Discount Rate	Net Pension Liability
1% decrease (6.10%)	$ 114,296,315
Current discount rate (7.10%)	75,649,803
1% increase (8.10%)	43,741,665

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, 2019 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, 2021, are summarized as follows:

	School Employer Pool (CalPERS)	
	On or before	On or after
Hire date	December 31, 2012	January 1, 2013
Benefit formula	2% at 55	2% at 62
Benefit vesting schedule	5 years of service	5 years of service
Benefit payments	Monthly for life	Monthly for life
Retirement age	55	62
Monthly benefits as a percentage of eligible compensation	1.1% - 2.5%	1.0% - 2.5%
Required employee contribution rate	7.00%	7.00%
Required employer contribution rate	20.70%	20.70%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Total plan contributions are calculated through the CalPERS annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. The contributions rates are expressed as percentage of annual payroll. The contribution rates for each plan for the year ended June 30, 2021, are presented above and the total District contributions were $3,801,186.

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

As of June 30, 2021, the District reported net pension liabilities for its proportionate share of the CalPERS net pension liability totaling $38,575,798. The net pension liability was measured as of June 30, 2020. 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, 2020 and June 30, 2019, respectively was 0.1257 percent and 0. 1215 percent, resulting in a net increase in the proportionate share of 0.0042 percent.

For the year ended June 30, 2021, the District recognized pension expense of $8,348,685. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	$ 3,801,186	$ -
Change in proportion and differences between contributions made and District's proportionate share of contributions	430,980	35,824
Differences between projected and actual earnings on pension plan investments	803,026	-
Differences between expected and actual experience in the measurement of the total pension liability	1,913,241	-
Changes of assumptions	141,459	-
Total	$ 7,089,892	$ 35,824

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
2022	$ (300,509)
2023	268,043
2024	465,904
2025	369,588
Total	$ 803,026

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
2022	$ 1,633,327
2023	626,674
2024	177,138
2025	12,717
Total	$ 2,449,856

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, 2019, and rolling forward the total pension liability to June 30, 2020. The financial reporting actuarial valuation as of July 1, 2019, used the following methods and assumptions, applied to all prior periods included in the measurement:

Valuation date	July 1, 2019
Measurement date	June 30, 2020
Experience study	July 1, 1997 through June 30, 2015
Actuarial cost method	Entry age normal
Discount rate	7.15%
Investment rate of return	7.15%
Consumer price inflation	2.50%
Wage growth	Varies by entry age and service

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

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

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

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

Discount Rate

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

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

Discount Rate	Net Pension Liability
1% decrease (6.15%)	$ 55,459,743
Current discount rate (7.15%)	38,575,798
1% increase (8.15%)	24,562,970

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 $4.41 million. 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, 2021.

Litigation

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

Construction Commitments

As of June 30, 2021, 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	$ 42,000,000	July 2024
Cherry Chase Exterior Improvements	75,000	December 2021
Total	$ 42,075,000	

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.

During the year ended June 30, 2021, the District made payments of $1,573,798 to the Santa Clara County Schools' Insurance Group and $545,058 to the Silicon Valley Transportation Authority.

Required Supplementary Information
June 30, 2021

Sunnyvale School District

	Budgeted Amounts			Variance
	Original	Final	Actual	Final to Actual
Revenues				
Local control funding formula	$ 86,398,099	$ 93,260,649	$ 93,756,930	$ 496,281
Federal sources	2,241,860	6,206,246	5,549,798	(656,448)
Other State sources	6,614,699	7,397,119	9,804,835	2,407,716
Other local sources	8,511,751	8,704,450	10,811,868	2,107,418
Total revenues	103,766,409	115,568,464	119,923,431	4,354,967
Expenditures				
Current				
Certificated salaries	44,418,531	45,972,201	44,764,889	1,207,312
Classified salaries	17,994,228	17,081,755	17,062,833	18,922
Employee benefits	27,214,030	27,592,979	27,381,969	211,010
Books and supplies	2,018,148	5,227,155	3,178,969	2,048,186
Services and operating expenditures	9,730,262	11,571,693	9,537,003	2,034,690
Other outgo	-	30,000	30,000	-
Capital outlay	-	228,675	1,923,172	(1,694,497)
Total expenditures	101,375,199	107,704,458	103,878,835	3,825,623
Excess (Deficiency) of Revenues Over Expenditures	2,391,210	7,864,006	16,044,596	8,180,590
Other Financing Sources (Uses)				
Transfers out	(1,024,127)	(1,689,406)	(731,780)	957,626
Net financing sources (uses)	(1,024,127)	(1,689,406)	(731,780)	957,626
Net Change in Fund Balances	1,367,083	6,174,600	15,312,816	9,138,216
Fund Balance - Beginning	13,797,569	13,797,569	13,797,569	-
Fund Balance - Ending	$ 15,164,652	$ 19,972,169	29,110,385	$ 9,138,216
Special Reserve Fund Balance			13,653,178	
Fund Balance - Ending (GAAP Basis)			$ 42,763,563	

	Budgeted Amounts			Variance
	Original	Final	Actual	Final to Actual
Revenues				
Federal sources	$ 1,570,000	$ 1,553,909	$ 2,014,613	$ 460,704
Other State sources	125,000	286,818	279,323	(7,495)
Other local sources	702,500	579	-	(579)
Total revenues	2,397,500	1,841,306	2,293,936	452,630
Expenditures				
Current				
Classified salaries	1,083,129	1,078,922	1,034,811	44,111
Employee benefits	532,728	498,324	491,720	6,604
Books and supplies	37,400	41,200	26,161	15,039
Services and operating expenditure	1,311,723	1,378,000	1,065,135	312,865
Other outgo	-	-	5,691	(5,691)
Capital outlay	-	-	8,442	(8,442)
Total expenditures	2,964,980	2,996,446	2,631,960	364,486
Excess (Deficiency) of Revenues Over Expenditures	(567,480)	(1,155,140)	(338,024)	817,116
Other Financing Sources (Uses)				
Transfers in	567,480	1,281,986	338,023	(943,963)
Net Change in Fund Balances	-	126,846	(1)	(126,847)
Fund Balance - Beginning	131,500	131,500	131,500	-
Fund Balance - Ending	$ 131,500	$ 258,346	$ 131,499	$ (126,847)

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	$ 406,331	$ 367,104	$ 456,043	$442,760
Interest	307,867	362,907	317,967	312,567
Difference between expected and actual experience	-	(1,516,189)	-	-
Changes of assumptions	491,000	775,614	(338,801)	-
Benefit payments	(609,893)	(559,498)	(578,718)	(586,822)
Net change in total OPEB liability	595,305	(570,062)	(143,509)	168,505
Total OPEB Liability - Beginning	9,732,257	10,302,319	10,445,828	10,277,323
Total OPEB Liability - Ending	$ 10,327,562	$ 9,732,257	$ 10,302,319	$ 10,445,828
Covered-employee Payroll	$ 59,812,528	$ 58,767,467	$ 55,708,624	$ 55,708,624
Total OPEB Liability as a Percentage of Covered Payroll	17.3%	16.6%	18.5%	18.8%
Measurement Date	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.

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Proportion of the net pension liability (asset)	0.7810%	0.0740%	0.0715%	0.0661%	0.0657%	0.0645%	0.0658%
Proportionate share of the net pension liability (asset)	$ 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	38,997,482	36,456,299	37,631,500	36,154,945	30,240,159	22,956,501	23,227,846
Total	$ 114,647,285	$103,279,100	$103,358,008	$97,269,653	$83,359,967	$66,361,579	$61,694,532
Covered payroll	$ 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 (asset) as a percentage of its covered payroll	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	72%	73%	71%	69%	70%	74%	77%
Measurement Date	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 (asset)	0.1257%	0.1215%	0.1202%	0.1142%	0.1103%	0.1059%	0.1057%
Proportionate share of the net pension liability (asset)	$ 38,575,798	$ 35,416,582	$ 32,042,693	$ 27,254,479	$ 21,778,311	$ 15,615,970	$ 12,002,408
Covered payroll	$ 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 (asset) as a percentage of its covered payroll	212.98%	210.64%	201.95%	186.70%	165.13%	133.73%	107.87%
Plan fiduciary net position as a percentage of the total pension liability	70%	70%	71%	72%	74%	79%	83%
Measurement Date	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.

	2021	2020	2019	2018	2017	2016	2015
CalSTRS							
Contractually required contribution	$ 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	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	$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	16.15%	17.10%	16.28%	14.43%	12.58%	10.73%	8.88%
CalPERS							
Contractually required contribution	$ 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	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	$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	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.

This schedule(s) presents information for the original and final budgets and actual results of operations, as well as the variances from the final budget to actual results of operations.

Supplementary Information
June 30, 2021

Sunnyvale School District

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing/Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
U.S. Department of Education			
Passed Through California Department of Education (CDE)			
Education Stabilization Fund			
COVID-19 Education Stabilization Fund - ESSER	84.425D	15536	$ 432,818
COVID-19 Education Stabilization Fund-ESSER II	84.425D	15547	98,650
COVID-19 Education Stabilization Fund - GEER	84.425C	15517	205,000
Total Education Stabilization Fund			736,468
Special Education Cluster			
Special Education Grants to States	84.027	13379	1,028,735
Special Education Grants to States	84.027	10119	1,099
Special Education Preschool Grants	84.173	13430	58,199
Special Education Preschool Grants	84.173	13431	447
Total Special Education Cluster			1,088,480
Title I, Basic Grants to Local Educational Agencies	84.010	14329	503,587
Title II, Supporting Effective Instruction State Grants	84.367	14341	113,209
Title III, English Language Acquisition State Grants	84.365	14346	196,573
Total U.S. Department Education			2,638,317
U.S. Department of Agriculture			
Passed Through California Department of Education			
Child Nutrition Cluster			
National School Lunch Program	10.555	13391	764,766
School Breakfast Program	10.553	13525	52,857
School Breakfast Program	10.553	13526	408,913
National School Lunch Program - Commodity	10.555	13391	40,807
Total Child Nutrition Cluster			1,267,343
Child and Adult Care Food Program	10.558	13393	788,077
Total U.S. Department of Agriculture			2,055,420
U.S. DEPARTMENT OF TREASURY			
Passed through California Department of Education:			
COVID 19-Coronavirus Relief Fund	21.019	25516	2,911,481
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through California Department of Education:			
COVID-19-Child Care and Development Fund Cluster			
Childcare Mandatory & Matching Funds-Childcare & Development Fund	93.575	15555	37,485
Total Federal Financial Assistance			$ 7,642,703

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
Michelle Maginot	President	2022
Bridget Watson	Vice President	2022
Nancy Newkirk	Clerk	2024
Jeffrey Arnett	Member	2022
Isabel Jubes-Flamerich	Member	2024

Administration

Name	Title
Michael Gallagher, Ed. D	Superintendent
Mala Ahuja	Assistant Superintendent of Curriculum, Instruction and Assessment
Tasha Dean, Ed. D	Assistant Superintendent of Special Education/Student Services
Jeremy Nishihara	Assistant Superintendent of Human Resources and Information Systems
Lori Van Gogh	Chief Financial Officer, Director of Fiscal Services
Rob Smiley	Chief Operating Officer Director of Facility Modernization and Construction

Grade Level	Number of Actual Days Traditional Calendar	Number of Actual Days Multitrack Calendar	Number of Days Credited Form J-13A*	Total Days Offered	Status
Kindergarten	181	N/A	-	181	Complied
Grades 1 - 3					
Grade 1	181	N/A	-	181	Complied
Grade 2	181	N/A	-	181	Complied
Grade 3	181	N/A	-	181	Complied
Grades 4 - 8					
Grade 4	181	N/A	-	181	Complied
Grade 5	181	N/A	-	181	Complied
Grade 6	181	N/A	-	181	Complied
Grade 7	181	N/A	-	181	Complied
Grade 8	181	N/A	-	181	Complied

	(Budget) 2022 [1]	2021	2020	2019
General Fund				
Revenues	$ 117,056,034	$ 105,728,905	$ 106,258,215	$ 104,751,485
Expenditures	108,982,066	102,275,476	101,505,403	99,877,398
Other uses and transfers out	1,582,235	649,057	576,676	1,904,026
Total Expenditures and Other Uses	110,564,301	102,924,533	102,082,079	101,781,424
Increase/(Decrease) in Fund Balance	6,491,733	2,804,372	4,176,136	2,970,061
Ending Fund Balance	$ 36,369,891	$ 29,878,158	$ 27,073,786	$ 22,897,650
Available Reserves [2]	$ 40,711,417	$ 33,238,941	$ 22,287,364	$ 21,065,698
Available Reserves as a Percentage of Total Outgo	36.82%	32.29%	21.83%	20.70%
Long-Term Liabilities	$ 339,137,410	$ 346,452,069	$ 346,452,069	$ 315,086,981
K-12 Average Daily Attendance at P-2	5,662	6,180	6,185	6,404

The General Fund balance has increased by $6,980,508 over the past two years. The fiscal year 2021-2022 budget projects a further increase of $6,491,733 (22 percent). 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 and anticipates incurring an operating surplus during the 2021-2022 fiscal year. Total long-term liabilities have increased by $31,365,088 over the past two years.

Average daily attendance has decreased by 224 over the past two years. Additional decline of 518 ADA is anticipated during fiscal year 2021-2022.

[1] Budget 2022 is included for analytical purposes only and has not been subjected to audit.
[2] Available reserves consist of all unassigned fund balances including all amounts reserved for economic uncertainties contained with the General Fund and the Special Reserve Fund for Other Than Capital Outlay Projects.

	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Assets					
Deposits and investments	$ 77,148	$ 19,372	$ 6,821,496	$ 149	$ 6,918,165
Receivables	35,232	35	11,934	-	47,201
Due from other funds	18,757	-	-	-	18,757
Total assets	$ 131,137	$ 19,407	$ 6,833,430	$ 149	$ 6,984,123
Liabilities and Fund Balances					
Liabilities					
Accounts payable	$ 1,609	$ -	$ 1,375	$ -	$ 2,984
Unearned revenue	91,695	-	-	-	91,695
Total liabilities	93,304	-	1,375	-	94,679
Fund Balances					
Restricted	37,833	19,407	6,832,055	149	6,889,444
Total liabilities and fund balances	$ 131,137	$ 19,407	$ 6,833,430	$ 149	$ 6,984,123

	Child Development Fund	Deferred Maintenance Fund	Capital Facilities Fund	County School Facilities Fund	Total Non-Major Governmental Funds
Revenues					
Federal sources	$ 37,485	$ -	$ -	$ -	$ 37,485
Other State sources	720,609	-	-	-	720,609
Other local sources	1,119	34	682,545	-	683,698
Total revenues	759,213	34	682,545	-	1,441,792
Expenditures					
Current					
Instruction	634,255	-	-	-	634,255
Instruction-related activities					
Supervision of instruction	54,435	-	-	-	54,435
School site administration	51,793	-	-	-	51,793
Plant services	-	-	48,766	-	48,766
Capital Outlay	-	-	14,632	-	14,632
Total expenditures	740,483	-	63,398	-	803,881
Excess (Deficiency) of Revenues Over Expenditures	18,730	34	619,147	-	637,911
Other Financing Sources (Uses)					
Transfers in	18,757	-	-	-	18,757
Net Financing Sources (Uses)	18,757	-	-	-	18,757
Net Change in Fund Balances	37,487	34	619,147	-	656,668
Fund Balance - Beginning	346	19,373	6,212,908	149	6,232,776
Fund Balance - Ending	$ 37,833	$ 19,407	$ 6,832,055	$ 149	$ 6,889,444

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, 2020. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets (or 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 Instructional Time

The District has received incentive funding for increasing instructional time as provided by the Incentives for Longer Instructional Day. This schedule presents information on the amount of instructional time offered by the District and whether the District complied with the provisions of *Education Code* Sections 46200 through 46206.

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

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

The Non-Major Governmental Funds Combining Balance Sheet and Combining Statement of Revenues, Expenditures and Changes in Fund Balances is included to provide information regarding the individual funds that have been included in 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, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 20, 2022.

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.

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
January 20, 2022

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

To the Governing Board
Sunnyvale School District
Sunnyvale California

Report on Compliance for Each Major Federal Program
We have audited Sunnyvale School District's (District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

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

Opinion on Each Major Federal Program
In our opinion, the District's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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

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

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

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

Eide Bailly LLP

Menlo Park, California
January 20, 2022

Independent Auditor's Report on State Compliance

To the Board of Directors
Sunnyvale School District
Sunnyvale, California

Report on State Compliance
We have audited Sunnyvale School District's (District) compliance with the types of compliance requirements described in the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting,* applicable to the state laws and regulations listed in the table below for the year ended June 30, 2021.

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

Auditor's Responsibility
Our responsibility is to express an opinion on the District's compliance with state laws and regulations based on our audit of the types of compliance requirements referred to below. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of the *2020-2021 Guide for Annual Audits of K-12 Local Education Agencies and State Compliance Reporting*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements listed below has occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Compliance Requirements Tested

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

	Procedures Performed
LOCAL EDUCATION AGENCIES OTHER THAN CHARTER SCHOOLS	
Attendance and Distance Learning	Yes
Teacher Certification and Misassignments	Yes
Kindergarten Continuance	Yes
Instructional Time	Yes
Instructional Materials	Yes
Ratios of Administrative Employees to Teachers	Yes
Classroom Teacher Salaries	Yes
Early Retirement Incentive	No, See Below
Gann Limit Calculation	Yes
School Accountability Report Card	Yes
K-3 Grade Span Adjustment	Yes
Apprenticeship: Related and Supplemental Instruction	No, See Below
Comprehensive School Safety Plan	Yes
District of Choice	No, See Below
SCHOOL DISTRICTS, COUNTY OFFICES OF EDUCATION, AND CHARTER SCHOOLS	
California Clean Energy Jobs Act	Yes
Proper Expenditure of Education Protection Account Funds	Yes
Unduplicated Local Control Funding Formula Pupil Counts	Yes
Independent Study - Course Based	No, See Below
CHARTER SCHOOLS	
Attendance	No, See Below
Mode of Instruction	No, See Below
Nonclassroom-Based Instruction/Independent Study	No, See Below
Determination of Funding for Nonclassroom-Based Instruction	No, See Below
Charter School Facility Grant Program	No, See Below

The District did not offer Continuation Education, Early Retirement Incentive Program, Apprenticeship, District of Choice, and Independent Study – Course Based Program during the current year; therefore, we did not perform procedures related to these Programs.

The District does not have any charter schools; therefore, we did not perform any procedures related to charter schools.

The purpose of this report on state compliance is solely to describe the results of our testing based on the requirements of the *2020-2021 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
January 20, 2022

Schedule of Findings and Questioned Costs
June 30, 2021

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 Living Federal CFDA Number
NumberCOVID 19-Coronavirus Relief Fund	21.019
Child and Adult Food Care Program	10.558

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

State Compliance

Type of auditor's report issued on compliance for programs:	Unmodified

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.