



**December 15, 2009**

**SUBJECT:           FY 2008/2009 Budgetary Year-End Financial Report,  
Comprehensive Annual Financial Report, and  
Redevelopment Agency Financial Report**

**BACKGROUND**

This report is intended to provide the year-end financial condition of the City of Sunnyvale on a budgetary basis for the fiscal year ended June 30, 2009. In addition, the City's audited Comprehensive Annual Financial Report (CAFR) and the Redevelopment Agency Financial Report for FY 2008/2009 are being presented for Council's information.

Annually, the Budgetary Year-End Financial Report presents the final results of the City's various funds for the previous fiscal year. The report provides analysis of the changes between the projected year-end position contained in the City Manager's Recommended Budget, which is developed in March, and the actual year-end status. The results contained in the report are calculated on a budgetary basis, rather than the accounting basis used for the CAFR.

Overall the City's General Fund ended the year in a better financial position from that estimated in the Recommended Budget by approximately \$3.4 million. This is primarily the result of better than expected revenues in several areas, particularly the repayment of the General Fund loan from the Redevelopment Agency. There were also significant savings in the operations, as departments made a concerted effort to operate with fewer resources in light of the City's current economic condition.

The CAFR is the City's external reporting medium. This report is audited by our independent auditors, Maze and Associates, who have issued an unqualified opinion on the report. The auditor's opinion can be found in the Financial Section of the CAFR document.

In conjunction with the opinion rendered on the CAFR, the independent auditors also issue a Memorandum on Internal Control and Required Communications (Attachment B) in which any financial or internal control deficiencies are noted. This document, which in the past has been referred to as the Management Letter, contains no reportable deficiencies for FY 2008/2009.

Each year for Council's information, staff presents the City's year-end financial condition and results of operations on a budgetary basis for the preceding fiscal year using audited financial results.

The City's Comprehensive Annual Financial Report (CAFR) for FY 2008/2009, which has been prepared by staff and audited in accordance with Charter Section 1318, is presented to Council at this time for your information, along with the Sunnyvale Redevelopment Agency Financial Report.

### **EXISTING POLICY**

Action Statement 7.1G.1.7 of the Fiscal Sub-Element of the General Plan states that staff shall "prepare and provide the City Council with periodic summary financial reports by fund, comparing actual revenues and expenditures to budgeted amounts." This Year-End Financial Report is presented in accordance with this action statement.

Section 1318 of the Sunnyvale City Charter requires that an independent audit be conducted of the City's financial transactions at the end of each fiscal year.

### **DISCUSSION**

#### **Fiscal Year 2008/2009 Year-End Financial Update**

Staff has reviewed the City's year-end financial results and hereby provides an analysis of the changes between the projected revenues and expenditures estimated in the City Manager's Recommended Budget prepared in March with the actual year-end results.

#### **General Fund**

##### **Revenues**

General Fund revenues for FY 2008/2009 are shown in the table on the following page. Total revenues exceeded the estimates for FY 2008/2009 included in the City Manager's Recommended Budget by approximately \$1.6 million.

**FY 2008/2009 General Fund Revenues and Transfers - Estimated vs. Actual**

<u>Description</u>	<u>Recommended Budget</u>	<u>Actual Revenues</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Percent Variance</u>
<b>Property Taxes</b>	<b>\$ 41,259,440</b>	<b>\$ 42,259,090</b>	<b>\$ 999,650</b>	<b>2.42 %</b>
<b>Sales Taxes:</b>				
Sales and Use Tax - City	26,000,000	25,071,916	(928,084)	(3.57)%
Sales and Use Tax - Public Safety	1,100,000	1,129,169	29,169	2.65 %
<b>Total Sales Tax</b>	<b>27,100,000</b>	<b>26,201,085</b>	<b>(898,915)</b>	<b>(3.32)%</b>
<b>Other Taxes</b>				
Business License Tax	1,133,000	1,199,364	66,364	5.86 %
Construction Tax	1,285,287	1,259,444	(25,843)	(2.01)%
Real Property Transfer Tax	600,000	547,856	(52,144)	(8.69)%
<b>Total Other Taxes</b>	<b>3,018,287</b>	<b>3,006,664</b>	<b>(11,623)</b>	<b>(0.39)%</b>
<b>Transient Occupancy Tax</b>	<b>5,637,015</b>	<b>5,686,217</b>	<b>49,202</b>	<b>0.87 %</b>
<b>Utility Users Tax</b>	<b>7,038,494</b>	<b>6,841,270</b>	<b>(197,224)</b>	<b>(2.80)%</b>
<b>Franchises</b>	<b>6,177,593</b>	<b>6,127,050</b>	<b>(50,543)</b>	<b>(0.82)%</b>
<b>Rents &amp; Concessions</b>	<b>2,381,925</b>	<b>2,366,161</b>	<b>(15,764)</b>	<b>(0.66)%</b>
<b>Federal &amp; Intergovernmental Revenues</b>	<b>401,090</b>	<b>617,734</b>	<b>216,644</b>	<b>54.01 %</b>
<b>State Revenues:</b>				
Motor Vehicle License Fees	350,000	468,356	118,356	33.82 %
Other State Revenues	413,087	483,645	70,558	17.08 %
State Library Grant	46,830	46,830	-	0.00%
<b>Total State Revenues</b>	<b>809,917</b>	<b>998,831</b>	<b>188,914</b>	<b>23.33 %</b>
<b>Permits &amp; Licenses</b>	<b>5,263,566</b>	<b>5,434,527</b>	<b>170,961</b>	<b>3.25 %</b>
<b>Fines &amp; Forfeitures</b>	<b>1,150,636</b>	<b>1,234,808</b>	<b>84,172</b>	<b>7.32 %</b>
<b>Service Fees:</b>				
Abandoned Vehicles (AVASA)	185,000	203,334	18,334	9.91 %
Community Development Fees	1,215,945	1,289,218	73,273	6.03 %
Finance Fees	184,000	184,538	538	0.29 %
Library Fees	17,393	17,320	(73)	(0.42)%
Public Safety Fees	1,433,298	1,664,736	231,438	16.15 %
Public Works Fees	506,549	184,719	(321,830)	(63.53)%
Parks and Recreation Fees	124,000	130,219	6,219	5.02 %
City-Wide Fees	10,422	10,903	481	4.62 %
<b>Total Service Fees</b>	<b>3,676,607</b>	<b>3,684,987</b>	<b>8,380</b>	<b>0.23 %</b>
<b>Interest Income</b>	<b>2,066,000</b>	<b>1,862,894</b>	<b>(203,106)</b>	<b>(9.83)%</b>
<b>Other Revenues:</b>				
Interfund Revenues	5,041,606	7,645,939	2,604,333	51.66 %
Repayment to City - Town Center	119,136	119,136	-	0.00%
Miscellaneous Revenues	407,631	438,419	30,788	7.55 %
<b>Total Other Revenues</b>	<b>5,568,373</b>	<b>8,203,494</b>	<b>2,635,121</b>	<b>47.32 %</b>
<b>Transfers In/In Lieu Fees</b>	<b>8,408,697</b>	<b>8,279,723</b>	<b>(128,974)</b>	<b>(1.53)%</b>
<b>Revenue Subtotal</b>	<b>\$ 119,957,640</b>	<b>\$ 122,804,536</b>	<b>\$ 2,846,896</b>	<b>2.37 %</b>
<b>Committed RDA Loan Amount</b>	<b>\$ -</b>	<b>\$ (1,251,840)</b>	<b>\$ (1,251,840)</b>	<b>0.00%</b>
<b>Revenue Total</b>	<b>\$ 119,957,640</b>	<b>\$ 121,552,696</b>	<b>\$ 1,595,056</b>	<b>1.33 %</b>

*Budget values are amounts from Recommended Budget*

Property Tax growth continued to be strong in FY 2008/2009, with revenues up \$3.3 million over FY 2007/2008. This revenue growth was primarily attributable to the increases in Secured Tax and Property Tax In Lieu of Vehicle License Fee (VLF). Total Property Tax revenue was approximately \$1 million greater than what was projected for the Recommended Budget, primarily due

to higher than expected revenues for Tax Delinquencies. Final Secured Tax remittances, which represent approximately two-thirds of Property Tax revenue, tracked almost exactly to the projections made for the Recommended Budget. This growth was fueled by the increase in assessed valuations for residential and industrial properties in the past few years. Reductions in property assessed valuation which have occurred due to the recent economic downturn will be reflected in Property Tax receipts beginning in FY 2010/2011, as discussed in the Current Economic Conditions section of this report.

Sales Tax revenues declined significantly throughout FY 2008/2009, resulting in revenues that were \$4.6 million lower than FY 2007/2008. Final FY 2008/2009 revenues were also approximately \$900,000 lower than the amount projected for the Recommended Budget; however, \$300,000 of this was a State Board of Equalization adjustment that impacted the final quarter of the fiscal year and will be returned to the City in the first quarter of FY 2009/2010. The current economic crisis has taken a severe toll on Sales Tax revenues, significantly impacting a number of our major revenue categories. The Autos and Transportation category was the most dramatically impacted, as it was down 28% compared to FY 2007/2008. Building and Construction (-25%) and Business and Industry (-14%) have also seen considerable reductions in revenue in comparison to the previous fiscal year.

Transient Occupancy Tax (TOT) revenues were down \$1.7 million from FY 2007/2008 revenues but were slightly higher than projections made for the Recommended Budget. Like Sales Tax, TOT revenues were dramatically impacted in FY 2008/2009 by the global financial crisis. Average room rates dropped from \$111/night in FY 2007/2008 to \$103/night in FY 2008/2009, and occupancy rates were down 10 percentage points (65% to 55%) year-over-year.

Utility Users Tax (UUT) revenues were flat in comparison to FY 2007/2008 and were approximately \$200,000 lower than projected in the Recommended Budget. Much of this is related to lower than expected revenues related to PG&E gas sales, which are difficult to project given the way gas prices fluctuate. Franchise Fees increased approximately \$250,000 over FY 2007/2008, but those revenues also fell short of revised estimates by approximately \$72,000. Most of the year-over-year growth in Franchise Fee revenue is related to PG&E and Comcast. It should be noted that PG&E will be refunding certain revenues related to lower gas rates to its customers in January and February 2010, which will impact UUT and Franchise Fees modestly this current fiscal year.

The Real Property Transfer Tax revenues were down significantly from FY 2007/2008 and did not meet projections made for the Recommended Budget. Real Property Transfer Tax is a tax on the transfer of interests in real estate

and is driven by the rate of turnover and changes in valuation. With turnover down and valuation growth much lower than it has been in recent years in the residential market, staff expected Real Property Transfer Tax revenues to be down year-over-year.

Revenue received from the various permits and licenses offered by the City, as well as from Plan Check Fees, are a good indicator of the level of development activity within the City. After years of above-average activity, development-related revenues declined considerably in FY 2008/2009, as evidenced by a nearly 50% drop in revenues from FY 2007/2008. However, these revenue sources, in total, did meet projections made for the Recommended Budget. With several large-scale projects in process, FY 2007/2008 was an unusually high year for development-related revenues, and original FY 2008/2009 projections reflected an expected slowdown in activity. The global economic meltdown, however, created a series of events that led to a major slowdown, and in some cases an outright stoppage, of many in-process projects. Activity in the second half of the fiscal year was extremely limited, and revenues continued to drop throughout the year.

Interest earnings were lower than estimates made for the Recommended Budget by approximately \$215,000 and were nearly \$2 million lower than interest earnings in FY 2007/2008. Much of the shortfall is associated with dramatically lower interest rates in FY 2008/2009. Rates dropped from 4.5% in March 2008 to 1.6% in June 2009, and the average investment return in FY 2008/2009 was 2.58%. In addition to lower rates, other General Fund revenue shortfalls have reduced the Fund's reserve balances, which led to a lower investment base.

Interfund Revenues were above Recommended Budget estimates by approximately \$2.6 million. This is almost entirely attributable to higher loan repayments from the Redevelopment Agency. It is important to note, however, that approximately \$1.3 million of this amount is expected to be loaned back to the Agency in FY 2009/2010 to cover expenditures for projects not completed in FY 2008/2009.

### **Expenditures**

General Fund expenditures for the fiscal year ending June 30, 2009 are shown in the table below:

**FY 2008/2009 General Fund Expenditures and Transfers - Estimated vs. Actual**

<u>Description</u>	<u>Amended Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Percent Variance</u>
<b>Equipment</b>	\$ 166,885	\$ 2,051	\$ 164,834	98.77 %
<b>Debt Service</b>	179,010	168,293	10,717	5.99%
<b>Operations</b>	119,514,606	117,654,379	1,860,227	1.56 %
<b>Projects</b>	8,378,307	5,618,550	2,759,757	32.94 %
<b>Transfers</b>	25,217,055	19,130,148	6,086,907	24.14 %
<b>Total Expenditures Subtotal</b>	<b>153,455,863</b>	<b>142,573,421</b>	<b>10,882,442</b>	<b>7.09 %</b>
Equipment Carryovers	-	164,834	(164,834)	0.00%
Project Carryovers	-	3,047,697	(3,047,697)	0.00%
Deferred Transfers	-	5,881,016	(5,881,016)	0.00%
<b>Total Carryovers</b>	<b>-</b>	<b>9,093,547</b>	<b>(9,093,547)</b>	<b>-</b>
<b>Expenditures Grand Total</b>	<b>153,455,863</b>	<b>151,666,968</b>	<b>1,788,895</b>	<b>1.17 %</b>

The details of FY 2008/2009 expenditures as compared to the budget are contained in Attachment A of this report by fund. It is important to note that the budget values in Attachment A represent the Council-appropriated budget amounts for each fund and may not match the amounts for FY 2008/2009 in the Recommended Budget. In order to capture the most accurate financial position of each fund heading into the next fiscal year, updated estimates may be included in the 20-Year Long Term Financial Plans for the current year. However, Council-appropriated budgets are not modified and individual programs are still held to those budgets as they were approved by Council.

Of the approximately \$10.9 million in unexpended funds from FY 2008/2009, over \$9.1 million has been carried forward to FY 2009/2010 to cover expenditures related to capital projects. Due to the long-term nature of capital projects, unspent budget amounts are committed to the next fiscal year for those projects that are still in progress. The remaining approximately \$1.8 is savings to the General Fund and is predominantly the result of savings in the operating programs.

**Final Fund Results**

The final position of the General Fund, as reflected in this Year-End Financial Report, is approximately \$3.4 million more favorable to the City in comparison to the results estimated for the City Manager’s Recommended Budget.

**Impact on General Fund Reserves**

The net impact of current year operations on the General Fund reserves was as follows:

	<b>Amended FY 2008/2009 Budget</b>	<b>Actual FY 2008/2009 Results</b>	<b>Variance</b>
<b>Total Revenues</b>	\$ 119,957,640	\$ 121,552,696	\$ (1,595,056)
<b>Total Expenditures Including Carryovers</b>	153,455,863	151,666,968	(1,788,895)
<b>Net Results - Decrease in GF Reserves</b>	<b>\$ (33,498,223)</b>	<b>\$ (30,172,087)</b>	<b>\$ (3,383,951)</b>

In total, the City's General Fund closed FY 2008/2009 approximately \$3.4 million better than expected, which predominantly resulted in the Budget Stabilization Fund being drawn down less than was expected. While this is certainly good news, the reality is that Budget Stabilization Fund still had to be drawn down significantly to mitigate the revenue shortfall in FY 2008/2009. The current General Fund Long Term Financial Plan reflects a projected drawdown of the Budget Stabilization Fund each year through FY 2014/2015 to a balance of \$19.5 million. However, staff believes that these projections are too optimistic in light of the current economic situation and larger drawdowns would be necessary absent further actions to reduce expenditures. Further, staff is reevaluating the appropriate level for maintaining the Budget Stabilization Fund going forward to assure the City's ability to react rationally to drastic changes in economic conditions.

The current economic climate, specifically as it relates to the City's fiscal condition, is discussed later in this report.

### **Recurring Revenues vs. Recurring Expenditures**

One additional test of the General Fund's economic health is the comparison of recurring revenue sources to recurring expenditures. Generally most revenues are recurring. However, there were several revenues in FY 2008/2009, including certain grants and reimbursements, that are non-recurring. These revenues are not included in the table below to ensure the comparison between recurring revenues and recurring expenditures is accurate.

Presented below are results of operations based on recurring and non-recurring revenues and expenditures for the last two years.

	<b>FY 2007/2008</b>	<b>FY 2008/2009</b>
Total Recurring Revenues	134,413,238	120,178,837
Total Recurring Expenditures	(124,561,252)	(125,933,880)
<b>Difference</b>	<b>9,851,986</b>	<b>(5,755,043)</b>

As is evidenced by the table, the City is currently spending more than it is taking in on an ongoing basis due to a significant year-over-year decline in revenues. This is one of the primary reasons for the structural deficit that had to be addressed for the FY 2009/2010 Recommended Budget. This structural deficit was addressed through a number of solutions, most of which are related to slowing expenditure growth. As indicated above, it now appears that some further expenditure reductions will be required to return the City to a state in which recurring revenues are, at a minimum, equivalent to recurring expenditures.

### **Other Funds**

In addition to the General Fund, other funds that warrant further discussion are highlighted below:

#### **Redevelopment Agency Fund**

The Redevelopment Agency Fund accounts for activities in the City's Redevelopment Project Area, which is located in the downtown area. This fund accounts for debt service, capital projects, low-and-moderate-income housing, and general activities of the Agency. Capital projects are long-term in nature and the appropriations do not lapse until the project is complete.

Each year, after annual expenditures are all made, the remaining Tax Increment funds are transferred to the General Fund for repayment of the Agency's debt under the terms of certain repayment agreements. The Agency entered into a First Amended Repayment Contract with the General Fund in 1977 to repay debt associated with initial improvements to the Project Area and the Agency's inability to make payments on the Town Center Mall parking structure following the passage of Proposition 13 in 1978. In 1986 State legislation imposed more stringent requirements on funds advanced by the General Fund to the Redevelopment Agency and an additional loan was created to account for the costs subject to these restrictions. Under the terms of these agreements, all Tax Increment resources remaining at the end of the fiscal year are transferred to the General Fund as repayment toward the outstanding loans. Based on these terms, the amount of repayment will fluctuate annually. The repayment amount for FY 2008/2009 was approximately \$2.6 million higher than budgeted; however, as noted previously, \$1.3 million of this is committed to be loaned back to the Redevelopment Agency to cover expenditures for capital improvement projects, including the downtown environmental remediation project and the Target/Town Center improvements, which were not completed in FY 2008/2009.

The State's fiscal problems continue to threaten RDA revenues, as ABX4-26, a state budget trailer bill, was passed in July as part of the State's FY

2009/2010 budget. This bill authorized the State to take \$2.05 billion over the next two fiscal years from redevelopment agencies throughout the State. The impact on Sunnyvale would be a take of approximately \$2 million in FY 2009/2010 and another \$400,000 in FY 2010/2011. A similar bill was passed during FY 2008/2009 and was ruled unconstitutional, and the State has recently withdrawn its appeal of that decision. The California Redevelopment Association believes the current bill is also unconstitutional and filed a lawsuit against the State in October. Staff will continue to monitor the status of this litigation and will report out as appropriate.

### **Park Dedication, Gas Tax, Capital Projects, and Infrastructure Funds**

The Park Dedication, Gas Tax, Capital Projects, and Infrastructure Funds are utilized for funding capital, infrastructure, and special projects throughout the City. These projects are usually long-term in nature and take several years to complete. As a result, every year many of these projects have unspent appropriations that will be used in the following fiscal year. Revenues for this fund are either transfers into the fund from other funds or grants and contributions. Many of the grant revenues budgeted for this year were not received as these funds are on a reimbursement basis and will only be available to the City once the expenditures have been incurred. The projected grant revenues, therefore, will also be received in the following year.

Ongoing projects in the Capital Projects Fund had unspent funds of approximately \$43 million, of which nearly all is being carried forward to be spent in FY 2009/2010. A large portion of the unspent FY 2008/2009 funds available in FY 2009/2010 is for either the Mathilda Avenue Railroad Overpass Improvements project (\$29.6 million) or the Downtown Murphy Avenue Streetscape Revitalization project (\$3.9 million).

### **Water Supply and Distribution Fund**

The Water Supply and Distribution Fund accounts for the operations and expenses of the City's water system. The Fund receives its revenues from user fees collected from the City's water rate payers. During the review of the fund for the FY 2009/2010 rate setting process, staff revised revenue estimates and adjusted expenses to account for projected sales as well as project carryover funds from capital projects.

Revenues and other resources came in approximately \$1.03 million under estimates. The fund sold approximately 5% less water than in the prior year, continuing the trend from the prior year of shifting sales towards the bottom tiers of the Water Fund pricing structure and therefore earning less revenue per unit of water sold. This reduction in revenue was offset by savings from purchased water, which totaled approximately \$800,000.

Total expenditures came in approximately \$1 million lower than estimated, with the bulk of the difference coming from the savings in purchased water costs. However, there were significant unanticipated expenditures for maintenance and repairs of the City's aging water system and for the provision of recycled water that offset some of the savings achieved through reduced water purchases.

### **Solid Waste Management Fund**

The Solid Waste Management Fund accounts for operation of the City's refuse collection and disposal system. Revenues are received from user fees. The fund's expenses primarily consist of charges for the Sunnyvale Materials Recovery and Transfer (SMaRT®) Station operations, disposal fees at Kirby Canyon Landfill, and the contractor payment to Bay Counties Waste Services (Specialty Solid Waste and Recycling). Revenues in this fund are driven primarily by the volume of garbage collected and disposed. As measured by weight, quantities were down about 11% from last year. Fund expenses are driven partially by garbage weight, but also include significant fixed costs in collection system and SMaRT Station equipment and infrastructure.

Expenditures for FY 2008/2009, including carryovers, were approximately \$800,000 less than projected. This is due in large part to the reduction in tons sent to the landfill. Continued work on the Materials Recovery Equipment Replacement project, which is now nearly completed, resulted in higher than planned landfill disposal costs as less material was diverted to recycling during construction. Revenues from the Materials Recovery operations were lower than planned due to a short but very sharp downturn in the values of the recyclable materials sold. As a result, total fund revenues were approximately \$470,000 lower than anticipated. Solid waste service fee revenues came in higher than expected despite the overall drop in tonnage. This reflects the detailed cost of service rate work that was performed in preparation for the implementation of ChoiceCollect and prior to setting the FY 2008/2009 rates.

Of significant note was the steep downward trend in the market for recyclables. Markets for all commodities plunged in late 2008 as a result of the slowing economy, which impacted the demand for commodities made of recyclables. This contributed to significant drops in the aggregate value of recyclables, which are a key source of revenue for this fund. However recyclables prices have now stabilized at sustainable levels that are in line with historic trends. Staff will track markets for recyclables carefully and revise estimates if necessary.

### **Wastewater Management Fund**

The Wastewater Management Fund accounts for operations of the City's wastewater collection and treatment facilities. User fees account for the bulk of

the revenues, with the remainder coming from connection fees and fees from the small area outside the City served by the wastewater system. Total fund revenues were \$1.25 million lower than revised projections. This was due primarily to the loss of connection fees related to the town center and other anticipated development projects. Fund expenses, including carryover, were approximately \$1 million less than budget. Savings came primarily from reductions in both the unit cost and quantity of chemicals used for treating both regular wastewater discharge and the production of recycled water.

### **Community Recreation Fund**

The Community Recreation Fund accounts for revenues and expenditures for leisure service activities of the City, including the two City-operated golf courses, the tennis center, and recreation classes and services. Year-end results for revenues were approximately \$170,000 lower than what was anticipated in the FY 2008/2009 Recommended Budget, which was predominantly the result of golf fees not meeting revised estimates. Expenditures were also lower than projected in the FY 2008/2009 Recommended Budget by approximately \$264,000, which was due to operating savings in the Arts and Recreation Program. As a result, the ending fund balance is higher than the fund balance reflected in the Recommended Budget by approximately \$94,000.

### **General Services Fund**

The General Services Fund accounts for the expenditures associated with support services such as fleet, building maintenance, and technology services. Funding for these services is recovered through rental rates charged to the operating programs that benefit from these services. Total expenditures for the general services in FY 2008/2009, including carryovers, were \$19.5 million. Overall, the fund finished approximately \$175,000 better than was projected in the FY 2009/2010 Recommended Budget. This is primarily attributable to operating savings due to vacancies in the Department of Information Technology. While there was some savings related to equipment replacement, most of that savings was anticipated and incorporated into the FY 2009/2010 Recommended Budget.

### **Employee Benefits Fund**

The Employee Benefits Fund ended the year as expected, with revenues and expenditures both coming in slightly lower than projected. This fund now has a dedicated reserve of nearly \$30 million to fund the City's Other Post-Employment Retirement Benefits (OPEB) Trust for retiree medical costs. Council has previously approved the City entering into the Trust, which is administered by CalPERS; however, the Finance Department has delayed actually transferring these funds into the Trust until market conditions become more stable.

## **CURRENT ECONOMIC ENVIRONMENT**

As Council is aware, one of the foundations of Sunnyvale's budgeting process is its long-term financial planning. This long-term planning allows the City to withstand the ups and downs of the inevitable cycles of the economy by setting money aside during good times to draw upon during bad times. This also gives the City the time to take a reasoned and measured approach to potential changes to service delivery during difficult economic times.

The ability of the City to withstand difficult economic times has been put to the test over the last year, as the recession that has been gripping the worldwide economy has taken its toll on the City of Sunnyvale. The General Fund 20-Year Long-Term Financial Plan included in the FY 2009/2010 Adopted Budget incorporated a "reset" that reflected Sunnyvale's new fiscal reality. Both short- and long-term projections for a number of major revenue sources were reduced to consider a declining revenue base. The impact of the significant market losses by CalPERS that will considerably increase the City's costs for providing retirement benefits in the future was integrated into our projected operating expenditures. A comprehensive and critical review of the City's operations yielded a number of recurring cost saving actions that saved the General Fund approximately \$4.2 million annually. Projections for future salary and benefits increases were tempered to align with future projections for revenues. The Budget Stabilization Fund was projected to be drawn down annually over the next seven fiscal years. All of these actions addressed a \$13 million ongoing structural deficit and allowed the City Manager to deliver a balanced 20-Year Resource Allocation Plan to Council.

Despite these actions, the City remains in an extremely uncertain financial position a little less than half-way through FY 2009/2010. As indicated, the City reset the projections for our major revenue sources to reflect the current economy and probable conditions going forward, but a number of vulnerabilities still remain. These vulnerabilities include a further apparent deterioration of our Sales Tax, Property Tax, and Transient Occupancy Tax revenue bases as well as the risk that the State of California will take action that would adversely affect city revenues.

Although we are hearing some encouraging news about the economy, our current experience with revenues is in contrast to some of the recent news that the worst of the recession is behind us. This is especially the case given the extremely high unemployment rate, which is currently nearly 12% in Santa Clara County. And while revenues are not in a free fall as they were in FY 2008/2009, some of our current and long term revenue projections are overstated. The extent to which current projections may need to be lowered is not known at this time, as in many cases, there is too little information available to make an accurate projection. However, it is clear that adjustments will need to be made going forward. Staff is currently working to gather and provide more detailed information on major General Fund revenue sources and

the extent to which expenditures will need to be reduced for the January 29<sup>th</sup> Study and Budget Issues Workshop.

Below is a preliminary discussion of the major General Fund revenue sources that are being impacted by the current economic crisis.

Based on the rapid decline in Sales Tax revenues during the final quarter of FY 2007/2008 and throughout all of FY 2008/2009, staff believes that the current FY 2009/2010 projections for Sales Tax are overstated and will need to be adjusted downward. The current projection for Sales Tax revenue for FY 2009/2010 is \$26 million, which represented zero growth (or decline) from the FY 2008/2009 projection in the Recommended Budget. As noted earlier in this report, final FY 2008/2009 revenues were lower than projected by nearly \$900,000, and we don't expect any growth in FY 2009/2010 over FY 2008/2009. And while we do expect that revenues for the first fiscal quarter of FY 2009/2010 may possibly appear to indicate an improvement, staff wants to caution that this increase in revenue is due to one-time events. One of these events is the refunding of revenue from the State that artificially lowered FY 2008/2009 revenues, and the other is the bump in revenues related to the Cash for Clunkers program. The more accurate barometer of how Sales Tax revenues are doing will be in March, when the City receives its final remittances related to the second quarter of the fiscal year. At that point, we will have a more accurate perspective on this revenue source.

Transient Occupancy Tax (TOT) remains a concern as well. While final FY 2008/2009 revenues met updated projections, and current FY 2009/2010 projections were held flat to last fiscal year, revenues to-date are not tracking to projections headed into the slow months of the year for Sunnyvale hotels. Data from the first five months of the fiscal year will be available in preparation for the January workshop, and at that point staff will provide an updated projection for TOT revenues for FY 2009/2010.

The current financial upheaval has continued to drive interest rates on the City's pooled cash even lower during the first several months of the fiscal year. This, combined with a reduced cash position due to declining revenues in other areas and the drawdown on reserves, has lowered overall interest earnings significantly through the first four months of the fiscal year in comparison to the same time last fiscal year. As a result, interest earnings, which have represented a significant amount of annual revenue to the General Fund, are not expected to meet current budgeted projections unless rates increase materially prior to the end of the fiscal year.

Property Tax revenues remain healthy, and all indications are that FY 2009/2010 projections will be met, and likely even exceeded, given the status of the Property Tax Roll as of the June 30, 2009 close date. However, there are two main areas of concern regarding Property Tax heading into FY 2009/2010

that may impact FY 2010/2011 revenues. The first area of concern is that California's Consumer Price Index (CCPI), which is used to determine the automatic change in assessed values annually, is currently negative for the year at approximately -0.25%. This is the first time since Proposition 13 that the CCPI has been negative, and it means that all assessed values will be adjusted downward to reflect the actual year-over-year change in CCPI. This change will impact Property Tax revenue in FY 2010/2011 and will lower the base going forward.

The second area of concern is the assessed value of commercial properties in the City. The Assessor's Office has been focusing its resources on assessed valuations of residential properties since the meltdown in the housing market. As a result, the Assessor's Office is behind in reassessing commercial properties in the County. Given the current vacancy levels for commercial properties in Sunnyvale, it is expected that there will be significant downward adjustments in assessed valuations for these types of properties for the FY 2010/2011 Property Tax Roll. Finance staff is in regular communication with the Assessor's Office and the Tax Collector's Office and receives monthly updates on the status of the FY 2010/2011 Property Tax Roll. These updates will be used to determine the impact of the CCPI and the commercial property reassessments on the City's revenue and will be incorporated into the projections made for the City Manager's FY 2010/2011 Recommended Budget.

In summary, while there are a number of indicators pointing to the worst of the recession being over, the reality for the City of Sunnyvale, especially as it relates to General Fund revenues, is that we may not have hit bottom yet in several areas. The impact of this, however, is not expected to be nearly as severe as it was in FY 2008/2009, when a combination of reduced revenues and increased expenditures led to a \$13 million annual structural deficit that had to be addressed. Staff is currently working to make preliminary revenue projections for the next several years to incorporate into the long-term financial plan to better understand the impact of the continued economic uncertainty on the City's fiscal health.

An additional vulnerability to the City's fiscal stability is the continued budget problems of the State. Initial projections forecast significant deficits in the current fiscal year and in FY 2010/2011. This is a cause for concern as the State has consistently looked to local revenue sources to cover its shortfalls. In January the Governor will prepare his recommended State Budget for FY 2010/2011, which will provide more information as to what actions regarding city revenue, if any, might be contemplated. Staff will be providing more current information to Council on our revenue situation and the State budget at the January workshop.

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

City Charter Section 1318 requires that “At the end of each fiscal year, a final audit and report shall be submitted by [a Certified Public Accountant] to the City Council.” The City’s Comprehensive Annual Financial Report (CAFR) is prepared annually to meet this requirement and is submitted to Council as Attachment C to this report.

The CAFR, which is prepared in the format prescribed by the Governmental Accounting Standards Board (GASB), contains several major sections. The Financial Section contains the Management’s Discussion and Analysis, the Basic Financial Statements, Required Supplementary Information, and Supplementary Information. All information in the Financial Section has been audited. The CAFR also contains a Statistical Section, which contains additional financial information not subject to audit.

### **FY 2008/2009 Audit**

The City’s independent audit was performed by the firm of Maze and Associates who rendered an unqualified opinion on the City’s CAFR. The independent auditors were selected in a competitive Request for Proposals process in FY 2007/2008 and their five-year contract was approved by Council on April 8, 2008 (RTC #08-105).

In addition to the opinion on the CAFR, the independent auditors also issue a Memorandum on Internal Control and Required Communications (MOIC) in which they note any deficiencies in the City’s financial practices and internal controls. The MOIC was previously referred to as the Management Letter. Beginning in FY 2006/2007, the MOIC has been prepared according to a new auditing standard. Statement of Auditing Standards (SAS) 112, entitled “Communicating Internal Control Related Matters Identified in an Audit,” was issued in May 2006 by the American Institute of Certified Public Accountants, effective for the FY 2006/2007 financial audit.

For the purposes of SAS 112, “internal control” is defined as a process within an entity designed to provide reasonable assurance regarding reliability of financial reporting and compliance with applicable laws and regulations.

Under SAS 112, there are three categories of deficiencies that may be identified during the external audit of the financial report:

- Control deficiencies
- Significant deficiencies
- Material weaknesses

The auditors did not identify any deficiencies in the FY 2009/2009 MOIC (Attachment B).

The MOIC also contains information on certain new accounting standards that will apply to the City in coming years. Staff is aware of these GASB statements and will implement and report under the required timeframes.

The MOIC also repeats certain recommendations related to Information Technology Best Practices made last year. Staff has included the status of implementation of these recommendations in their response.

## **REDEVELOPMENT AGENCY FINANCIAL REPORT**

Information regarding the fiscal status of the City's Redevelopment Agency (RDA) has been presented throughout this report. Because the RDA is a separate component unit of the City, however, it does have its own annual financial report. This financial report is presented for Council's information as Attachment D.

## **FISCAL IMPACT**

The fiscal impact of each fund's results of operations is discussed in detail in the body of the report.

## **CONCLUSION**

This report presents the year-end results for the City of Sunnyvale on a budgetary basis and presents the Comprehensive Annual Financial Report. In summary, the City's General Fund ended FY 2008/2009 in better position than was estimated in the Recommended Budget by approximately \$3.3 million. Even with those positive results, however, the City remains in a very precarious position financially. While there have been some encouraging indicators pointing to a pending economic recovery, staff believes that several of the City's major revenue sources have not hit bottom yet, and the City will need to remain very focused on its financial position going forward. Staff is currently reviewing the available data on our revenues in an effort to provide updated projections for major revenue sources at the January 29, 2010 Study and Budget Issues Workshop. The Workshop will include a presentation regarding the City's current financial status, particularly the impact on our Long-Term Financial Plans, and further actions that will be required.

The City's Comprehensive Annual Financial Report (CAFR) received an unqualified opinion from our independent auditors, and there were no deficiencies noted in this year's Memorandum on Internal Control and Required Communications (MOIC).

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall, at the Sunnyvale Senior Center, Community Center and Department of Public Safety; and by making the agenda and report available at the Sunnyvale Public Library, the Office of the City Clerk and on the City's Web site.

**RECOMMENDATION**

Staff recommends Council receive and file the budgetary Year-end Financial Report, the audited Comprehensive Annual Financial Report, the Memorandum on Internal Control and Required Communications issued by the independent auditors, and the Redevelopment Agency Financial Report.

Reviewed by:

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Mary J. Bradley, Director of Finance  
Prepared by: Drew Corbett, Budget Division

Approved by:

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Gary Luebbers, City Manager

**Attachments**

- A. Schedule of Appropriations by Fund
- B. Auditor's Memorandum on Internal Control and Required Communications
- C. Comprehensive Annual Financial Report (CD Format)
- D. Redevelopment Agency Financial Report (CD Format)

Fund 35 - General Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Equipment</b>			
020000 General Equipment	\$166,885	\$2,051	\$164,834
<b>Total Equipment</b>	<b>166,885</b>	<b>2,051</b>	<b>164,834</b>
<b>Debt Service</b>			
7900 1998 ABAG COP	179,010	168,293	10,717
<b>Total Debt Service</b>	<b>179,010</b>	<b>168,293</b>	<b>10,717</b>
<b>Operating Programs</b>			
City Council			
739 City Council	685,245	621,134	64,112
<b>Total City Council</b>	<b>685,245</b>	<b>621,134</b>	<b>64,112</b>
City Attorney			
751 Comprehensive Legal Services	1,544,599	1,593,981	(49,383)
<b>Total City Attorney</b>	<b>1,544,599</b>	<b>1,593,981</b>	<b>(49,383)</b>
City Manager			
526 Youth, Family, and Child Care Resources	220,127	210,294	9,833
725 Community Building, Civic Engagement, and Volunteering	498,949	461,130	37,819
726 Intergovernmental Relations (IGR)	134,151	133,661	491
727 Policy Analysis and Citywide Process Improvement	156,254	147,230	9,024
728 Council - Appointed Advisory Board and Commissions	146,205	71,015	75,190
729 Office of the City Manager Dptmt Management & Support Services	1,189,412	1,219,962	(30,549)
735 Communications	582,695	526,707	55,989
736 Public Records and City Elections	384,359	381,578	2,781
<b>Total City Manager</b>	<b>3,312,153</b>	<b>3,151,576</b>	<b>160,577</b>
Community Development			
230 Housing and Human Services	133,939	130,151	3,788
242 Land Use Planning	2,150,576	2,195,176	(44,600)
243 Construction Permitting	2,431,520	2,430,048	1,473
245 Neighborhood Preservation	828,519	743,425	85,094
246 Community Development Dptmt Management & Support Services	306,659	303,381	3,278
247 Economic Development	576,341	432,238	144,102
<b>Total Community Development</b>	<b>6,427,553</b>	<b>6,234,419</b>	<b>193,135</b>
Employment Development Department			
538 Youth Services	0	21,825	(21,825)
<b>Total Employment Development Department</b>	<b>0</b>	<b>21,825</b>	<b>(21,825)</b>
Finance			
710 Financial Management and Analysis	479,038	390,622	88,415
717 Payroll Administration	541,191	540,651	541
718 Finance Department Management and Support Services	181,590	180,699	890
719 Accounting and Financial Reporting	758,552	765,161	(6,610)
720 Utility Billing, Collection and Revenue Management	2,051,682	2,056,697	(5,015)
740 Purchasing and Payment of City Obligations	1,519,082	1,517,067	2,015
743 Budget Management	875,805	837,413	38,393
744 Treasury / Cash Management	905,491	905,187	304
745 Internal Audits	362,253	341,260	20,993
<b>Total Finance</b>	<b>7,674,684</b>	<b>7,534,757</b>	<b>139,927</b>
Human Resources			
755 Recruitment, Classification, and Compensation	1,242,386	1,101,462	140,925
757 Employee/Labor Relations and Employee Development	1,017,140	853,622	163,518
758 Employee Benefits, HRIS, Workers' Comp, Safety & Wellness Admin	1,005,939	978,010	27,929

Fund 35 - General Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
759 HR Department Public Info, Management, & Support Services	412,683	358,438	54,245
786 City Liability and Property Information	594,232	530,166	64,066
Total Human Resources	4,272,381	3,821,698	450,682
<b>Library</b>			
610 Borrower Services/Circulation of Library Materials	2,080,785	2,085,652	(4,867)
611 Library Services for Adults	896,759	910,222	(13,463)
612 Library Services for Children and Teens	797,716	773,630	24,086
613 Acquire Library Materials for the Public	1,226,397	1,300,153	(73,756)
614 Library Technology Services	319,720	245,123	74,598
615 Prepare Library Materials for the Public	758,825	755,645	3,180
616 Outreach and Publicity Services	101,274	80,560	20,714
617 Library Department Management and Support Services	849,912	817,587	32,325
Total Library	7,031,388	6,968,571	62,817
<b>Parks and Recreation</b>			
265 Neighborhood Parks and Open Space Management	6,628,461	6,587,467	40,995
601 Park and Recreation Management	739,962	741,498	(1,536)
Total Parks and Recreation	7,368,423	7,328,965	39,458
<b>Public Safety</b>			
481 Police Services	22,863,936	21,940,664	923,272
482 Fire Services	22,869,363	23,334,023	(464,659)
483 Community Safety Services	4,399,463	4,283,696	115,768
484 Personnel and Training Services	2,426,381	2,383,980	42,401
485 Special Operations	6,339,630	6,417,727	(78,097)
486 Technical Services	3,455,812	3,738,804	(282,992)
487 Public Safety Administration	5,112,593	5,238,040	(125,447)
488 Records, Management and Property Services	2,073,824	2,203,149	(129,325)
Total Public Safety	69,541,003	69,540,081	921
<b>Public Works</b>			
115 Transportation Operations	2,125,491	2,073,692	51,799
117 City Streetlight System	1,063,103	1,061,347	1,756
118 Pavement Operations	2,532,407	2,335,310	197,097
216 Roadside and Median Right-of-Way Services	1,347,519	1,270,267	77,251
217 Concrete Maintenance	1,110,397	978,654	131,743
218 Street Tree Services	1,450,036	1,347,253	102,783
302 Public Works Support Services	672,855	667,575	5,280
303 City Property Management Services	294,139	295,154	(1,015)
306 Engineering Services	977,178	808,121	169,057
Total Public Works	11,573,126	10,837,373	735,753
<b>Total Operating Programs</b>	<b>119,430,554</b>	<b>117,654,379</b>	<b>1,776,175</b>
<b>Non-Departmental</b>			
Recurring Expenditures:			
Transfers Out:			
7900 CDBG Fund	19,120	0	19,120
7900 Capital Projects Fund-General Assets	3,973,818	68,948	3,904,870
7900 Community Recreation Fund - Leisure Services	4,508,904	4,483,703	25,201
7900 Employee Benefits - Insurance and Other	10,298,145	10,000,000	298,145
7900 General Services Fund - Proj Mgmt Serv	465,400	380,074	85,326
7900 General Services Fund Tech & Communication Services	56,261	56,261	0
7900 Infrastructure Fund - General Assets	2,256,705	107,988	2,148,717
7900 Infrastructure Fund - Multi Funded Assets	124,224	124,224	0
7900 Liability and Property Insurance Fund	1,442,006	1,442,006	0
7900 Youth Services Fund	422,936	422,936	0

Fund 35 - General Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
7900 Capital Projects Fund - Gas Tax Funded	327,381	249,290	78,091
7900 Police Services Augmentation Fund	34,205	34,205	0
7900 Payment to Town Center Developer Per ARDDOPA*	594,733	552,232	42,501
<b>Total Transfers Out</b>	<b>24,523,838</b>	<b>17,921,868</b>	<b>6,601,970</b>
7900 Lease Payments to RDA for Parking Structure	1,208,280	1,208,280	0
<b>Total Recurring Non-Departmental Expenditures</b>	<b>25,732,118</b>	<b>19,130,148</b>	<b>6,601,970</b>
<b>Total Non-Departmental</b>	<b>25,732,118</b>	<b>19,130,148</b>	<b>6,601,970</b>
<b>Projects</b>			
805150 Library Foundation Program Grant	181,835	18,324	163,511
809901 Government Access Programming	126,014	6,915	119,099
820570 Minor Building Modifications	14,759	14,759	0
820610 Downtown Area Maintenance	34,995	34,995	0
821010 City Owned Properties - Downtown	27,353	27,353	0
821350 AVASA Equipment Acquisition	18,209	0	18,209
823500 Junior Achievement Sunnyvale [GF]	10,740	10,740	0
824860 Traffic Calming - Riding Group Donation	3,888	167	3,721
824940 Murphy Avenue Tree Lights Maintenance	5,000	2,074	2,926
825000 Emergency Operations Center Training	16,068	0	16,068
825060 Sunnyvale Bicycle Plan	3,640	3,640	0
825570 239 - 241 Commercial Street Property Maintenance	19,357	19,357	0
825700 Update of Mandated General Plan Sub-elements	193,079	59,806	133,273
825710 Update of Non-Mandated General Plan Sub-elements	38,194	(3)	38,197
825970 Downtown Underground Parking Insurance**	207,000	207,000	0
826030 Tales for Tots	280	0	280
826190 FY 06-07 #3 Recruitment and Training for Sworn Officers	74,328	74,328	0
826200 FY 07-08 #4 Recruitment and Training for Sworn Officers	1,058,417	1,058,417	0
826210 FY 07-08 #5 Recruitment and Training for Sworn Officers	1,572,683	1,572,683	0
826220 FY 08-09 #7 Recruitment and Training for Sworn Officers	702,928	702,928	0
826460 Live Homework Help	16,769	16,769	0
826551/ Onizuka AFS Base Realignment and Closure (BRAC) - Phase 2			
826552	377,656	333,579	44,077
826600 Roadway Reconfiguration Policies for Retrofitting Streets	50	50	0
826610 Sunnyvale Parks and Open Space of the Future Study	65,142	65,142	0
826620 Town Center Construction - Public Works Services	115,216	115,216	0
826630 Town Center Construction - Building Safety Services	155,384	155,384	0
826640 Town Center Construction - Fire Prevention Services	112,081	93,805	18,276
826650 Parks and Recreation - Facilities Division Staffing Study	8,646	8,646	0
826660 Finance Department Staffing Study	40,197	40,197	0
827210 EHC Life Builders - Sunnyvale HOMES Program	3,459	3,459	0
827220 Family & Children's Services-Columbia Center	3,428	3,428	0
827230 Second Harvest Food Bank - Operation Brown Bag [GF]	376	376	0
827240 Sunnyvale Community Services [GF]	40,274	40,274	0
827250 Support Network for Battered Women (SNBW) [GF]	2,121	2,121	0
827260 OTS Grant-Hand Held Ticket Writer Technology Project	15,185	8,857	6,328
827310 Emergency Operations Planning and Management	18,211	0	18,211
827320 In The Bag...Stories To Go For Children To Grow	498	498	0
827340 DHS SUASI (FFY 2006) Training	13,252	0	13,252
827350 State 911 Enhancement Funding Project	24,511	8,511	16,000
827360 State 911 GIS Technology Funding Project	40,600	10,333	30,267
827370 911 for Kids Education Initiative	1,804	1,620	184
827380 07/08 DUI Education & Enforcement Campaign	21,136	13,954	7,182
827390 Department Operational Efficiency & Optimum Staffing Studies	149,000	33,459	115,541
827430 Archive Planning Permit Records - Land Use Planning	5,090	5,090	0
827440 Set-Aside Budget - Land Use Planning	24,479	0	24,479
827450 Archive Building Permit Records - Construction Permitting	24,754	24,754	0
827460 Set-Aside Budget - Construction Permitting	220,640	217,077	3,563
827600 Let's Talk About It: Jewish Literature Project	956	956	0
827610 Solar Photovoltaic System for Fire Station #2	142,660	140,660	2,000
827641 Environmental Sustainability	66,095	66,095	0
827640 Environmental Sustainability - Option 1	20,161	20,161	0
827650 RFID/Library Automated Materials Handling System	928,723	723	928,001
827660 Lighting and HVAC Retrofits for Energy Efficiency	19,681	19,681	0

Fund 35 - General Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
827700 Electronic Records Management System	730,000	0	730,000
827710 Catholic Charities Hsng. Search & Stabilization Svcs. [GF]	151	151	0
827720 Catholic Charities - Long Term Care Ombudsman Program [GF]	227	227	0
827730 Community Association Rehabilitation, Inc. (CAR) [GF]	132	132	0
827740 Cupertino Community Services [GF]	227	227	0
827750 Outreach and Transportation Assistance for Seniors [GF]	517	517	0
827760 Santa Clara Valley (SCV) Blind Center [GF]	129	129	0
827770 Senior Housing Solutions [GF]	240	240	0
827780 First United Methodist Church - Sr. Nutrition Program [GF]	478	478	0
827790 Senior Adult Legal Assistance (SALA) [GF]	180	180	0
827800 The Health Trust - Meals on Wheels [GF]	234	234	0
827810 Friends for Youth - Mentoring [GF]	0	0	0
827820 Live Oak Adult Day Services [GF]	334	334	0
827830 Bill Wilson Center [GF]	344	344	0
827840 Fair Housing Services [GF]	10,000	10,000	0
827870 Silicon Valley Leadership	8,000	8,000	0
827880 TCSN - Be Aware of Your Speed Campaign	128	0	128
827890 CPR Anytime Training to Sunnyvale High School Youth	25,000	23,898	1,102
827930 Silicon Valley Internet Crimes Against Children Training	8,467	8,467	0
827940 Seatbelt Education and Enforcement	17,100	11,840	5,260
827950 Sobriety Checkpoint Mini-Grant	18,500	8,308	10,192
827960 Kaiser Hospital Access Study	42,300	42,300	0
827970 History Museum Utility Reimbursement	4,000	4,000	0
827980 Digital Storytelling Grant	10,000	10,000	0
827990 We've Only Just Begun- LSTA	20,000	18,370	1,630
828000 "Avoid the 13" DUI Enforcement Campaign	7,940	4,583	3,357
828020 Multiple Patient Management Training	13,252	13,252	0
827400 Implement CalEPA Aboveground Petroleum Storage Act	45,740	18,481	27,259
827420 Urban Forestry Management Plan	33,000	196	32,804
827480 Peery Park Specific Plan - 2008 Study Issue	300,000	0	300,000
827490 Lawrence Station Transit Village - 2008 Study Issue	25,000	25,000	0
827500 New Residential Heritage Districts - 2008 Study Issue	98,500	77,496	21,004
828070 Fire Apparatus Mobile Data Terminals (MDTs)	264,838	24,209	240,629
828430 Mng Civil Actions & Threat Incidents Trng	42,596	42,596	0
<b>Total Projects</b>	<b>8,714,556</b>	<b>5,618,546</b>	<b>3,096,009</b>
<b>Accounting Adjustment for Prior Year</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Appropriations</b>	<b>154,223,123</b>	<b>142,573,418</b>	<b>11,649,705</b>
Project and Equipment Carryovers	0	3,212,531	(3,212,531)
Operating Carryovers	0	0	0
Deferred Transfers Out	0	5,881,016	(5,881,016)
Unexpended Project Funds Returned to Fund	0	(167,884)	167,884
<b>Total</b>	<b>154,223,123</b>	<b>151,499,081</b>	<b>2,724,042</b>

\* This amount is an accrued expenditure based on the current ARDDOPA. These funds have not actually been paid and are subject to amendments to the ARDDOPA.

\*\* This amount is an accrued expenditure based on terms of the parking insurance agreement but has not been paid.

Fund 70 - Housing Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Operating Programs</b>			
Community Development			
230 Housing and Human Services	\$372,478	\$409,804	(\$37,325)
Total Community Development	<u>372,478</u>	<u>409,804</u>	<u>(37,325)</u>
<b>Total Operating Programs</b>	<b><u>372,478</u></b>	<b><u>409,804</u></b>	<b><u>(37,325)</u></b>
<b>Non-Departmental</b>			
7900 Housing - Housing Mitigation	7,661	7,661	0
Total Recurring Non-Departmental Expenditures	<u>7,661</u>	<u>7,661</u>	<u>0</u>
<b>Total Non-Departmental</b>	<b><u>7,661</u></b>	<b><u>7,661</u></b>	<b><u>0</u></b>
<b>Projects</b>			
814700 BMR Acquisition	305,625	305,625	0
823560 Housing for City/Public School	6,913	6,913	0
823750 BMR Compliance Enforcement	1,680	1,680	0
824471 First-Time Homebuyer Support	283,856	283,856	0
825930 City Owned Prpty-Downtown/388 Charles St	1,721	1,721	0
826520 Pre-Dvlpmnt Costs-Affrdble Housng Sites	14,000	4,000	10,000
826530 County-wide Homeless Count	7,332	7,332	0
827590 Dvlp Afford Sr Housing-Fair Oaks	5,000,000	97,972	4,902,029
<b>Total Projects</b>	<b><u>5,621,127</u></b>	<b><u>709,099</u></b>	<b><u>4,912,029</u></b>
<b>Total Appropriations</b>	<b><u>6,001,266</u></b>	<b><u>1,126,563</u></b>	<b><u>4,874,703</u></b>
Project Carryovers	0	4,912,029	(4,912,029)
Unexpended Project Funds Returned to Fund	0	(1,350,830)	1,350,830
<b>Total</b>	<b><u>6,001,266</u></b>	<b><u>4,687,762</u></b>	<b><u>1,313,504</u></b>

Fund 71 - HOME Grant Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Operating Programs</b>			
Community Development			
230 Housing and Human Services	\$67,916	\$76,669	(\$8,753)
Total Community Development	<u>67,916</u>	<u>76,669</u>	<u>(8,753)</u>
<b>Total Operating Programs</b>	<b><u>67,916</u></b>	<b><u>76,669</u></b>	<b><u>(8,753)</u></b>
<b>Projects</b>			
827850 MAITRI - Transitional House Acquisition [HOME]	200,000	200,000	0
827860 Develop Affordable Senior Housing - Fair Oaks/Garland [HOME]	1,200,000	617,000	583,000
<b>Total Projects</b>	<b><u>1,400,000</u></b>	<b><u>817,000</u></b>	<b><u>583,000</u></b>
<b>Total Appropriations</b>	<b><u>1,467,916</u></b>	<b><u>893,669</u></b>	<b><u>574,247</u></b>
Project Carryovers	0	583,000	(583,000)
Unexpended Project Funds Returned to Fund	0	(200,000)	200,000
<b>Total</b>	<b><u>1,467,916</u></b>	<b><u>1,276,669</u></b>	<b><u>191,247</u></b>

Fund 110 - Community Development Block Grant Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Operating Programs</b>			
Community Development			
230 Housing and Human Services	\$499,950	\$442,375	\$57,575
Total Community Development	<u>499,950</u>	<u>442,375</u>	<u>57,575</u>
<b>Total Operating Programs</b>	<b><u>499,950</u></b>	<b><u>442,375</u></b>	<b><u>57,575</u></b>
<b>Non-Departmental</b>			
7900 General Fund	12,000	12,000	0
<b>Total Non-Departmental</b>	<b><u>12,000</u></b>	<b><u>12,000</u></b>	<b><u>0</u></b>
<b>Projects</b>			
800001 Catholic Charities Hsng. Search & Stabilization Svcs. [CDBG]	5,707	5,707	0
800851			
Support Network for Battered Women (SNBW) [CDBG]	18,262	18,262	0
801851 Senior Adult Legal Assistance (SALA) [CDBG]	6,777	6,777	0
802451 Senior Housing Solutions [CDBG]	9,056	9,056	0
803601 Sunnyvale Community Services [CDBG]	40,035	40,035	0
804751 Catholic Charities - Long Term Care Ombudsman Program [CDBG]	8,545	8,545	0
811351 First United Methodist Church - Sr. Nutrition Program [CDBG]	17,999	17,999	0
811451 Second Harvest Food Bank - Operation Brown Bag [CDBG]	3,549	3,549	0
812901 West Valley Community Services - (prev Cupertino) [CDBG]	8,561	8,561	0
815151			
EHC Life Builders - Sunnyvale HOMES Program [CDBG]	21,496	21,496	0
818301 Fair Housing Services	20,000	20,000	0
820641 Abilities United - (prev CAR) [CDBG]	4,921	4,921	0
824350 The Health Trust - Meals on Wheels [CDBG]	8,829	8,829	0
824370 Friends for Youth - Mentoring [CDBG]	11,822	11,822	0
825870 Live Oak Adult Day Services [CDBG]	12,590	12,590	0
825880 Family & Children's Services-Columbia Center [CDBG]	16,105	16,105	0
825920 Bill Wilson Center [CDBG]	12,974	12,974	0
827190 Santa Clara Valley (SCV) Blind Center [CDBG]	4,871	4,871	0
827200 Outreach and Transportation Assistance for Seniors	19,483	19,483	0
822911 Columbia Neighborhood Center Facility Expansion	1,068,957	55,959	1,012,998
803501 CDBG Housing Rehabilitation Revolving Loan Fund	738,878	441,995	296,883
812701 Home Access, Paint and Emergency Repair Program	106,185	64,489	41,696
820631 ADA Curb Retrofit	100,000	88,448	11,552
<b>Total Projects</b>	<b><u>2,265,602</u></b>	<b><u>902,473</u></b>	<b><u>1,363,129</u></b>
<b>Total Appropriations</b>	<b><u>2,777,552</u></b>	<b><u>1,356,849</u></b>	<b><u>1,420,703</u></b>
Project Carryovers	0	1,363,128	(1,363,128)
Unexpended Project Funds Returned to Fund	0	(200,707)	200,707
<b>Total</b>	<b><u>2,777,552</u></b>	<b><u>2,519,270</u></b>	<b><u>258,282</u></b>

**City of Sunnyvale**  
**Year-end Appropriations Report**  
**Fiscal Year Ending June 30, 2009**

Attachment A

**Fund 141 - Park Dedication Fund**

<b>Description</b>	<b>Current Budget</b>	<b>Actual Expenditures</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Non-Departmental</b>			
7900 Capital Projects Fund - General Assets	\$22,676	\$19,234	\$3,442
7900 Infrastructure Fund - Community Recreation Assets	622,741	320,062	302,679
7900 Infrastructure Fund - General Assets	2,369,157	1,224,562	1,144,595
7900 Infrastructure Fund - Project Management Services	226,654	151,470	75,184
<b>Total Non-Departmental</b>	<b>3,241,228</b>	<b>1,715,328</b>	<b>1,525,900</b>
<b>Projects</b>			
825581 Plaza del Sol Phase II	30,156	30,156	0
826381 Construct Restroom Building at San Antonio Park	570	799	(229)
821001 City Owned Properties - Adjacent to Parks	15,000	16,321	(1,321)
<b>Total Projects</b>	<b>45,726</b>	<b>47,276</b>	<b>(1,550)</b>
<b>Total Appropriations</b>	<b>3,286,954</b>	<b>1,762,604</b>	<b>1,524,350</b>
Deferred Transfers Out	0	1,182,233	(1,182,233)
<b>Total</b>	<b>3,286,954</b>	<b>2,944,837</b>	<b>342,117</b>

Fund 175 - Asset Forfeiture Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Operating Programs</b>			
Public Safety			
481 Police Services	\$2,000	\$2,000	\$0
Total Public Safety	<u>2,000</u>	<u>2,000</u>	<u>0</u>
<b>Total Operating Programs</b>	<b><u>2,000</u></b>	<b><u>2,000</u></b>	<b><u>0</u></b>
<b>Non-Departmental</b>			
7900 General Fund - General	92,182	88,979	3,203
7900 Infrastructure Fund - General Assets	29,610	29,610	0
<b>Total Non-Departmental</b>	<b><u>121,792</u></b>	<b><u>118,589</u></b>	<b><u>3,203</u></b>
<b>Projects</b>			
819840 Police Services Equipment Acquisition	79,225	79,225	0
<b>Total Projects</b>	<b><u>79,225</u></b>	<b><u>79,225</u></b>	<b><u>0</u></b>
<b>Total Appropriations</b>	<b><u>203,017</u></b>	<b><u>199,814</u></b>	<b><u>3,203</u></b>
Unexpended Project Funds Returned to Fund	0	(8,533)	8,533
<b>Total</b>	<b><u>203,017</u></b>	<b><u>191,281</u></b>	<b><u>11,736</u></b>

Fund 190 - Police Services Augmentation Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Operating Programs</b>			
Public Safety			
481 Police Services	\$290,268	\$136,828	\$153,440
Total Public Safety	<u>290,268</u>	<u>136,828</u>	<u>153,440</u>
<b>Total Operating Programs</b>	<u>290,268</u>	<u>136,828</u>	<u>153,440</u>
<b>Total Appropriations</b>	<u>290,268</u>	<u>136,828</u>	<u>153,440</u>
<b>Total</b>	<u>290,268</u>	<u>136,828</u>	<u>153,440</u>

Fund 210 - Employment Development Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Operating Programs</b>			
Employment Development			
535 Employment Services Provided to the General Public	\$1,360,187	\$1,347,233	\$12,953
536 Employment Services Provided to WIA Enrolled Participants	2,834,729	3,026,410	(191,681)
537 Business Services	913,573	805,884	107,689
538 Youth Services	809,829	745,485	64,344
539 Enterprise Support	2,734,680	2,615,610	119,070
542 Supplemental Grants - Staffed	150,732	138,279	12,453
543 Supplemental Grants - Managed	647,884	603,837	44,047
Total Employment Development	<u>9,451,614</u>	<u>9,282,738</u>	<u>168,876</u>
<b>Total Operating Programs</b>	<b><u>9,451,614</u></b>	<b><u>9,282,738</u></b>	<b><u>168,876</u></b>
<b>Total Appropriations</b>	<b><u>9,451,614</u></b>	<b><u>9,282,738</u></b>	<b><u>168,876</u></b>
<b>Total</b>	<b><u>9,451,614</u></b>	<b><u>9,282,738</u></b>	<b><u>168,876</u></b>

Fund 245 - Parking District Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Operating Programs</b>			
Public Works			
247 Economic Development	\$12,142	\$18,486	(\$6,345)
254 Parking District Landscaping Management	74,891	64,198	10,692
255 Downtown Parking District Parking Lots	54,107	73,102	(18,995)
Total Public Works	<u>141,139</u>	<u>155,787</u>	<u>(14,648)</u>
<b>Total Operating Programs</b>	<b><u>141,139</u></b>	<b><u>155,787</u></b>	<b><u>(14,648)</u></b>
<b>Non-Departmental</b>			
7900 General Fund - General	12,936	12,936	0
<b>Total Non-Departmental</b>	<b><u>12,936</u></b>	<b><u>12,936</u></b>	<b><u>0</u></b>
<b>Projects</b>			
824700 Downtown Parking Maintenance Assessment	21,315	21,315	0
<b>Total Projects</b>	<b><u>21,315</u></b>	<b><u>21,315</u></b>	<b><u>0</u></b>
<b>Total Appropriations</b>	<b><u>175,390</u></b>	<b><u>190,038</u></b>	<b><u>(14,648)</u></b>
<b>Total</b>	<b><u>175,390</u></b>	<b><u>190,038</u></b>	<b><u>(14,648)</u></b>

Fund 280 & 281 - Gas Tax Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Operating Program</b>			
Public Works			
118 Pavement Operations	\$2,306,530	\$2,078,713	\$227,817
Total Public Works	<u>2,306,530</u>	<u>2,078,713</u>	<u>227,817</u>
<b>Total Operating Programs</b>	<b><u>2,306,530</u></b>	<b><u>2,078,713</u></b>	<b><u>227,817</u></b>
<b>Non-Departmental</b>			
7900 General Services Fund - Project Management Service	229,111	499,416	(270,305)
7900 Capital Projects Fund - Gas Tax Funded	4,123,489	397,829	3,725,660
7900 Infrastructure Fund - General Assets	1,578,263	608,897	969,366
<b>Total Non-Departmental</b>	<b><u>5,930,863</u></b>	<b><u>1,506,142</u></b>	<b><u>4,424,721</u></b>
<b>Projects</b>			
<b>Fund 280 - Gas Tax Street Improvement</b>			
825130 Radar Speed Signs for School Areas	1,840	1,840	0
827680 Mathilda Avenue Caltrain Overpass Parking Access	50,000	0	50,000
827690 Evaluation of Bridges and Levees	200,000	0	200,000
824560 Pedestrian Safety/Opportunities Plan	1,778	0	1,778
<b>Total Projects</b>	<b><u>253,618</u></b>	<b><u>1,840</u></b>	<b><u>251,778</u></b>
<b>Total Appropriations</b>	<b><u>8,491,011</u></b>	<b><u>3,586,695</u></b>	<b><u>4,904,316</u></b>
Project Carryovers	0	250,000	(250,000)
Deferred Transfers Out	0	4,590,026	(4,590,026)
Unexpended Project Funds Returned to Fund	0	(24,278)	24,278
<b>Total</b>	<b><u>8,491,011</u></b>	<b><u>8,402,443</u></b>	<b><u>88,568</u></b>

Fund 295 - Youth and Neighborhood Services Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Operating Programs</b>			
City Manager			
525 Columbia Neighborhood Center	\$717,395	\$668,950	\$48,445
Total City Manager	<u>717,395</u>	<u>668,950</u>	<u>48,445</u>
<b>Total Operating Programs</b>	<u>717,395</u>	<u>668,950</u>	<u>48,445</u>
<b>Total Appropriations</b>	<u>717,395</u>	<u>668,950</u>	<u>48,445</u>
<b>Total</b>	<u>717,395</u>	<u>668,950</u>	<u>48,445</u>

Fund 315/335 - Redevelopment Agency Fund/RDA Debt Service

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Debt Service</b>			
011900 2003 Central Core Tax Allocation Bonds	\$613,916	\$612,666	\$1,250
010510 1998 Parking Lease COPs	\$1,212,780	\$1,215,240	(\$2,460)
<b>Total Debt Service</b>	<b>1,826,696</b>	<b>1,827,906</b>	<b>(1,210)</b>
<b>Operating Programs</b>			
Community Development			
247 Economic Development	145,357	170,533	(25,176)
751 Comprehensive Legal Services	211,317	118,980	92,337
799 Non-Programatic	1,505,852	531,200	974,652
Total Community Development	1,862,526	820,713	1,041,813
<b>Total Operating Programs</b>	<b>1,862,526</b>	<b>820,713</b>	<b>1,041,813</b>
<b>Non-Departmental</b>			
7900 General Fund - General	56,988	56,988	0
7900 Capital Projects Fund - General Assets	1,472,658	816,230	656,428
<b>Total Non-Departmental</b>	<b>1,529,646</b>	<b>873,218</b>	<b>656,428</b>
<b>Projects</b>			
826700 Downtown Public Improvements	7,378,711	2,376,947	5,001,763
814950 Redevelopment Implementation Plan (2005-2009)	50,000	0	50,000
824450 Downtown Development Economic Analysis	125,750	0	125,750
824570 Outside Counsel Services for RDA	180,992	77,673	103,319
<b>Total Projects</b>	<b>7,735,453</b>	<b>2,454,620</b>	<b>5,280,833</b>
<b>Total Appropriations</b>	<b>12,954,321</b>	<b>5,976,458</b>	<b>6,977,864</b>
Project Carryovers	0	5,280,832	(5,280,832)
Deferred Transfers Out	0	656,428	(656,428)
<b>Total</b>	<b>12,954,321</b>	<b>11,913,718</b>	<b>1,040,604</b>

**Fund 330 - Governmental Funds - City Debt Service**

<b>Description</b>	<b>Current Budget</b>	<b>Actual Expenditures</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Debt Service</b>			
010810 ABAG 39	\$179,010	\$179,010	\$0
011550 2001 Government Center COP Debt Service	1,217,450	1,264,117	(46,667)
<b>Total Debt Service</b>	<u><u>1,396,460</u></u>	<u><u>1,443,127</u></u>	<u><u>(46,667)</u></u>
<b>Total Appropriations</b>	<u><u>1,396,460</u></u>	<u><u>1,443,127</u></u>	<u><u>(46,667)</u></u>
<b>Total</b>	<u><u>1,396,460</u></u>	<u><u>1,443,127</u></u>	<u><u>(46,667)</u></u>

Fund 385 - Capital Projects Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Non-Departmental</b>			
7900 General Fund - General	\$11,280	\$11,280	\$0
7900 Capital Projects Fund - Gas Tax Funded	950,638	770,376	180,262
7900 Capital Projects Fund - Traffic Mitigation	20,159	20,159	0
7900 Capital Projects Fund - General Assets	73,872	7,156	66,716
7900 General Services Fund - Project Management Services	12,156	\$8,006	4,150
<b>Total Non-Departmental</b>	<b>1,068,106</b>	<b>816,978</b>	<b>251,128</b>
<b>Projects</b>			
Subfund 100 - General Assets			
824140 Sunnyvale Historical Museum	39,665	38,684	981
825511 Roadway Rehabilitation on Various Streets - Phase II	1,373,359	98,540	1,274,819
825610 Fair Oaks Avenue Overhead Bridge	940,000	0	940,000
826050 Blair Avenue Neighborhood Traffic Calming	10,057	9,880	177
826570 Tasman/Fair Oaks Area Streetscape and Sense of Place	2,089,177	394,375	1,694,802
826730 Underground Overhead Utilities	100,000	3,601	96,399
826750 Senior Center Safety Improvements	14,537	13,740	797
826760 Senior Center Furnishings, Equipment, and Asset Protection	8,139	5,494	2,645
826770 Murphy Park Tot Swing Set	18,400	0	18,400
826780 Downtown-Related Construction Mitigation	86,307	46,226	40,081
826790 Sunnyvale Avenue Median from Iowa to Washington	750,000	0	750,000
826800 Downtown Wayfinding and Gateways	466,088	2,415	463,673
826810 Downtown Murphy Avenue Streetscape Revitalization	4,520,938	638,212	3,882,726
826820 Town Center Traffic Signal Modifications	744,914	0	744,914
Total Subfund 100 - General Assets	11,161,581	1,251,166	9,910,415
Project Carryovers	0	9,893,855	(9,893,855)
Total Subfund 100 - General Assets	11,161,581	11,145,021	16,560
Subfund 600 - Gas Tax			
821870 Borregas Avenue Bicycle Corridor	3,410,367	3,467,075	(56,708)
822710 Mathilda Avenue Railroad Overpass Improvements	30,231,832	608,801	29,623,031
825510 Roadway Rehabilitation on Various Streets	1,437,856	1,437,856	0
826830 Sunnyvale Ave. at Arques Ave. ADA Modifications	537,377	16,284	521,093
826840 Radar Speed Signs for Various Locations	200,000	140,878	59,122
826880 Norman Drive Traffic Calming	75,000	0	75,000
Total Subfund 600 - Gas Tax	35,892,432	5,670,894	30,221,537
Project Carryovers	0	30,278,246	(30,278,246)
Total Subfund 600 - Gas Tax	35,892,432	35,949,140	(56,709)
Subfund 950 - Traffic Mitigation Projects			
816000 Future Traffic Signal Construction/Modification	400,000	10,935	389,066
824910 Frances Street Transit Corridor Improvements	13,801	13,801	0
825541 Transportation Grant Matching Funds - Traffic Mitigation	0	13,800	(13,800)
825630 Mary Ave. Extension Engineering/Environmental Analysis	86,768	86,768	0
827630 Safe Routes to Schools City-wide Projects	295,600	214,516	81,084
Total Subfund 950 - Traffic Mitigation Projects	796,169	339,819	456,350

Fund 385 - Capital Projects Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Project Carryovers	0	470,150	(470,150)
Total Subfund 950 - Traffic Mitigation Projects	<u>796,169</u>	<u>809,969</u>	<u>(13,800)</u>
Subfund 960 - Transportation Impact Fees			
826890 Mathilda/SR 237/US 101 Interchange Improvements Study Report	500,000	0	500,000
826900 Washington Avenue/Mathilda Ave	336,814	0	336,814
Total Subfund 960 - Transportation Impact	<u>836,814</u>	<u>0</u>	<u>836,814</u>
Project Carryovers	0	836,814	(836,814)
Total Subfund 960 - Transportation Impact	<u>836,814</u>	<u>836,814</u>	<u>0</u>
Subfund 980 - Capital Projects Fund/Prop 1B Transportation Bond Local Streets And Roads Sub-Fund			
825621 Wolfe Road Caltrain Overcrossing	2,069,911	385,886	1,684,025
Total Subfund 980	<u>2,069,911</u>	<u>385,886</u>	<u>1,684,025</u>
Project Carryovers	0	1,684,025	(1,684,025)
Total Subfund 980 - Transportation Impact	<u>2,069,911</u>	<u>2,069,911</u>	<u>0</u>
<b>Total Projects</b>	<b><u>50,756,907</u></b>	<b><u>7,647,765</u></b>	<b><u>43,109,141</u></b>
<b>Total Appropriations</b>	<b><u>51,825,013</u></b>	<b><u>8,464,743</u></b>	<b><u>43,360,270</u></b>
Total Project Carryovers	0	43,163,090	(43,163,090)
Total Deferred Transfers Out	0	246,978	(246,978)
Unexpended Project Funds Returned to Fund	0	(555,734)	555,734
<b>Total</b>	<b><u>51,825,013</u></b>	<b><u>51,319,077</u></b>	<b><u>505,936</u></b>

Fund 460 - Water Supply and Distribution Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Debt Service</b>			
011703 Water Bonds 2001 Series A	\$1,103,671	\$1,105,596	(\$1,925)
011603 2001 Gvrn Cntr COP Dbt Srv Fund 460/100	85,994	83,637	2,357
<b>Total Debt Service</b>	<b>1,189,665</b>	<b>1,189,233</b>	<b>432</b>
<b>Operating Programs</b>			
Public Works			
313 Water Supply and Distribution	18,950,780	19,007,390	(56,609)
7900 Loan Repayment to General Fund	351,700	351,700	0
Total Public Works	19,302,480	19,359,090	(56,609)
<b>Total Operating Programs</b>	<b>19,302,480</b>	<b>19,359,090</b>	<b>(56,609)</b>
<b>Non-Departmental</b>			
7900 General Services Fund - Project Management Services			
7900 General Fund - General	260,069	247,587	12,482
7900 Infrastructure Fund - General Assets	2,465,352	2,465,911	(559)
7900 Infrastructure Fund - General Assets	2,000	9,640	(7,640)
7900 Infrastructure Fund - Multi Assets	17,050	17,050	0
7900 Liability and Property Insurance Fund	50,139	50,139	0
7900 Capital Projects Fund - General Assets	9,640	0	9,640
7900 General Services Fund - Fleet Services	74,671	9,961	64,710
<b>Total Non-Departmental</b>	<b>2,878,922</b>	<b>2,800,288</b>	<b>78,634</b>
<b>Projects</b>			
806453 Water Pump, Motor and Engine Replacement	2,478	2,478	0
815203 Replacement of Water/Sewer Supervisory Control System	718,001	5,819	712,182
824801 Roof Replacement of Water Plants	50,000	9,632	40,368
825221 Central Water Plant Building Improvements	996,529	0	996,529
825241 Equipment Replacement at Six (6) Hetch-Hetchy Connections	137,601	137,601	0
825301 Pressure Reducing Valve Replacement & Relocation for SCADA	84,486	84,486	0
825391 Wolfe/Evelyn Plant Mechanical Reconstruction	150,858	19,147	131,711
825411 Hamilton Plant Emergency Generator & Mechanical Reconst	710,342	20,207	690,135
825431 Well Connections to Transmission Main	170,338	131,405	38,933
825451 City-wide Water Line Replacement	800,884	231,207	569,677
825461 Interior Coating of Water Tanks	561,472	98,124	463,348
825481 Renovation of Westmoor and Serra Wells	162,789	143,885	18,904
825491 Exterior Painting of Water Tanks	70,000	38,752	31,248
826960 Water Utility Master Plan	200,000	43,611	156,389
827180 Automation of Water Meter Reading	180,000	17,710	162,290
827920 Ortega Well Rehabilitation	156,237	156,237	0
806253 Water Main Development Costs (City Share)	19,935	19,935	0
806351 Water Meters for New Developments	49,659	49,659	0
806401 Detector Checks & Backflow Prevention Devices - New Dvlpmnts	7,094	7,094	0
824311 Refurbishment of Water Tanks @ Wright Avenue	2,163,001	91,108	2,071,893
819771 Utility Maintenance Management System	202,234	0	202,234
824281 Leak Detection Program	9,662	9,662	0

Fund 460 - Water Supply and Distribution Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Total Projects	<u>7,603,600</u>	<u>1,317,759</u>	<u>6,285,841</u>
Total Appropriations	<u>30,974,667</u>	<u>24,666,370</u>	<u>6,308,297</u>
Project Carryovers	0	6,266,937	(6,266,937)
Unexpended Project Funds Returned to Fund	0	(105,060)	105,060
<b>Total</b>	<b><u>30,974,667</u></b>	<b><u>30,828,247</u></b>	<b><u>146,420</u></b>

**Fund 465 - Wastewater Management Fund**

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Debt Service</b>			
011704 Water Bonds 2001 Series A	\$1,510,937	\$1,513,572	(\$2,635)
011604 2001 Gvm Cntr COP Dbt Srv Fund 465/100	59,033	57,416	1,617
<b>Total Debt Service</b>	<b>1,569,970</b>	<b>1,570,988</b>	<b>(1,018)</b>
<b>Operating Programs</b>			
343 Storm Water Collection System	307,609	310,334	(2,724)
344 Wastewater Treatment	11,588,381	10,796,073	792,307
345 Sanitary Sewer Collection System	1,570,990	1,493,566	77,424
751 Comprehensive Legal Services	25,000	51,383	(26,383)
799 Non-Programmatic	4,553,264	4,553,264	0
<b>Total Operating Programs</b>	<b>18,045,244</b>	<b>17,204,620</b>	<b>840,624</b>
<b>Non-Departmental</b>			
7900 General Services Fund - Project Management Services	171,239	188,863	(17,624)
7900 General Services Fund - Fleet Services	74,671	9,961	64,710
7900 General Fund - General	2,097,253	2,097,812	(559)
7900 Infrastructure Fund - General Assets	2,000	23,413	(21,413)
7900 Infrastructure Fund - Multi Assets	7,307	7,307	0
7900 Liability and Property Insurance Fund	115,108	115,108	0
7900 Capital Projects Fund - General Assets	23,413	0	23,413
7900 Gas Tax Fund	50,000	0	50,000
<b>Total Non-Departmental</b>	<b>2,540,991</b>	<b>2,442,463</b>	<b>98,528</b>
<b>Equipment</b>			
20201 Wastewater Equipment	282,349	282,349	0
<b>Total Equipment</b>	<b>282,349</b>	<b>282,349</b>	<b>0</b>
<b>Projects</b>			
804703 Storm Drain Pipes, Manholes, and Laterals Replacement	8,904	8,904	0
822752 Storm Pump Station Number 1 Rehabilitation	52,392	(18,739)	71,131
824771 Primary Sedimentation Basin Renovation	1,250,000	0	1,250,000
825111 Tertiary Plant Tank Drainage System Modifications	315,599	16,373	299,226
825141 Air Floatation Tanks Rehabilitation	1,112,892	232,600	880,292
825321 Replacement/Rehabilitation of Sanitary Manholes	75,000	32,448	42,552
825331 Replacement/Rehabilitation of Sewer Pipes	540,069	0	540,069
827020 Emergency Bypass Pumping Plan	246,453	68,101	178,352
827030 WPCP Strategic Infrastructure Plan	761,361	421,640	339,721
827060 Sulfur Dioxide (SO2) Equipment Replacement	266,601	59,791	206,810
801101 WPCP Air Conditioning Project	723,662	23,329	700,333
805203 Sewer Development Costs (City Share)	19,935	19,935	0
821112 Power Generation Facility Improvements	310,683	0	310,683
822762 Storm Pump Station Number 2 Rehabilitation	240,000	0	240,000
822802 Storm Sewer Extension - Taylor Avenue	0	12,416	(12,416)
822812 Storm Sewer Extension - McKinley Avenue	0	12,416	(12,416)
824301 Rehabilitation of Digesters and Replacement of Digester Lids	1,776,350	117,283	1,659,067
825521 Pond Sediment Removal	803,062	48,424	754,638
827010 Water Pollution Control Plant Primary Roof Replacement	203,075	3,121	199,954
827080 Murphy/Evelyn Avenues Sewer Infrastructure Improvements	594,077	48,806	545,271
828010 Alternative Monitoring System (AMS)	129,122	120,354	8,768
823221 Wastewater Data/Process/Service Assessment Studies	74,695	66,357	8,338
825961 SCVURPPP Contracting and Fiscal Agent	11,331	27,948	(16,617)

Fund 465 - Wastewater Management Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
828060 Gray Water Filtering and Reuse Study	40,000	0	40,000
<b>Total Projects</b>	<u>9,555,263</u>	<u>1,321,508</u>	<u>8,233,755</u>
<b>Total Appropriations</b>	<u>31,993,816</u>	<u>22,821,928</u>	<u>9,171,889</u>
Project Carryovers	0	8,266,867	(8,266,867)
Deferred Transfers Out	0	116,152	(116,152)
Unexpended Project Funds Returned to Fund	0	(81,245)	81,245
<b>Total</b>	<u>31,993,816</u>	<u>31,123,702</u>	<u>870,115</u>

Fund 485 - Solid Waste Management Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Debt Service</b>			
011605 2001 Government Center COP Dbt Srv Fund	\$87,388	\$84,993	\$2,395
011803 SV Share of Solid Waste Revenue	1,577,211	1,569,334	7,877
<b>Total Debt Service</b>	<b>1,664,599</b>	<b>1,654,327</b>	<b>10,272</b>
<b>Operating Programs</b>			
Public Works			
323 Solid Waste Management	28,467,942	28,253,768	214,174
751 Comprehensive Legal Services	1,015	0	1,015
799 Non-Programmatic	1,330,358	1,330,358	0
Total Public Works	29,799,315	29,584,126	215,189
<b>Total Operating Programs</b>	<b>29,799,315</b>	<b>29,584,126</b>	<b>215,189</b>
<b>Non-Departmental</b>			
7900 General Services Fund - Project Managment Services	1,805	1,189	616
7900 General Fund - General	2,212,079	2,258,751	(46,672)
7900 Infrastructure Fund - General Assets	0	3,099	(3,099)
7900 Liability and Property Insurance Fund	3,169	3,169	0
7900 Capital Projects Fund - General Assets	3,099	0	3,099
<b>Total Non-Departmental</b>	<b>2,220,152</b>	<b>2,266,208</b>	<b>(46,056)</b>
<b>Projects</b>			
825911 Landfill Gas Flare and Blowers Replacement	58,726	53,726	5,000
801351 Sunnyvale Contribution to SMaRT Station Equipment Rep. Fund	207,300	207,300	0
825121 SMaRT Station Office Addition	50,000	0	50,000
822331 Trim Landfill Screening Trees on Caribbean Drive	50,000	0	50,000
824251 Landfill Gas System Response to New Regulations	49,497	0	49,497
824261 Solid Waste Cost of Service Study	51,071	28,398	22,673
828050 JPA for Countywide Recycling and Source Reduction Program	50,000	0	50,000
<b>Total Projects</b>	<b>516,594</b>	<b>289,424</b>	<b>227,170</b>
<b>Total Appropriations</b>	<b>34,200,660</b>	<b>33,794,085</b>	<b>406,575</b>
Project Carryovers	0	227,170	(227,170)
Unexpended Project Funds Returned to Fund	0	(37,274)	37,274
<b>Total</b>	<b>34,200,660</b>	<b>33,983,981</b>	<b>216,679</b>

Fund 490 - SMaRT Station Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Debt Service</b>			
11801 Solid Waste Bonds Series 2003	\$1,942,600	\$1,946,550	(\$3,950)
11805 2007 Solid Waste Interest Payment	757,958	762,058	(4,100)
<b>Total Debt Service</b>	<b>2,700,558</b>	<b>2,708,608</b>	<b>(8,050)</b>
<b>Operating Programs</b>			
Public Works			
324 Materials Recovery and Refuse Transfer (SMaRT)	25,483,113	23,981,254	1,501,859
751 Comprehensive Legal Services	7,105	0	7,105
Total Public Works	25,490,218	23,981,254	1,508,964
<b>Total Operating Programs</b>	<b>25,490,218</b>	<b>23,981,254</b>	<b>1,508,964</b>
<b>Projects</b>			
811250 SMaRT Station Equipment Replacement	8,270,360	6,596,293	1,674,067
<b>Total Projects</b>	<b>8,270,360</b>	<b>6,596,293</b>	<b>1,674,067</b>
<b>Total Appropriations</b>	<b>36,461,136</b>	<b>33,286,156</b>	<b>3,174,980</b>
Project Carryovers	0	1,674,067	(1,674,067)
<b>Total</b>	<b>36,461,136</b>	<b>34,960,223</b>	<b>1,500,913</b>

Fund 525 - Community Recreation Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Programs</b>			
Community Services			
645 Golf Course Maintenance Operation and Golf Shop Services	\$3,294,908	\$3,300,382	(\$5,474)
646 Arts and Recreation Programs and Operation of Recreation Facilities	8,198,339	7,960,847	237,492
Total Community Services	<u>11,493,247</u>	<u>11,261,229</u>	<u>232,019</u>
<b>Total Operating Programs</b>	<b><u>11,493,247</u></b>	<b><u>11,261,229</u></b>	<b><u>232,019</u></b>
<b>Non-Departmental</b>			
7900 General Fund - General	1,056,481	1,056,481	0
<b>Total Non-Departmental</b>	<b><u>1,056,481</u></b>	<b><u>1,056,481</u></b>	<b><u>0</u></b>
<b>Equipment</b>			
20801 Recreation Equipment	38,830	27,180	11,650
<b>Total Equipment</b>	<b><u>38,830</u></b>	<b><u>27,180</u></b>	<b><u>11,650</u></b>
<b>Projects</b>			
823270 Cooperative Middle School Activity	1,952	0	1,952
825650 Business Plan for Community Center	18,359	105	18,254
<b>Total Projects</b>	<b><u>20,311</u></b>	<b><u>105</u></b>	<b><u>20,206</u></b>
<b>Total Appropriations</b>	<b><u>12,608,869</u></b>	<b><u>12,344,994</u></b>	<b><u>252,224</u></b>
Project/Equipment Carryovers	0	31,856	(31,856)
<b>Total</b>	<b><u>12,608,869</u></b>	<b><u>12,376,850</u></b>	<b><u>220,368</u></b>

Fund 595 - General Services Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Equipment</b>			
20600 Furniture	\$434,192	\$55,886	\$378,306
21300 Equipment Building Maintenance/ Equipment	11,904	74,876	(62,972)
20700 Fleet Equipment	2,994,389	2,813,253	181,136
20900 Public Safety Equipment	289,291	268,039	21,252
21600 Information Processing Hardwar	1,139,855	554,182	585,673
21601 Information Process Software/ HR/Payroll System	784,319	255,106	529,213
21603 Communications and Office Equipment	807,914	102,461	705,453
21604 Telecommunications Equipment	74,815	0	74,815
21605 Office Equipment	54,005	30,744	23,261
21606 Satellite Copier Equipment	11,462	0	11,462
21607 Print Shop Equipment	37,017	0	37,017
21608 Telecom Franchise Equipment	3,888	0	3,888
21610 KSUN Equipment	123,458	894	122,564
<b>Total Equipment</b>	<b>6,766,509</b>	<b>4,155,442</b>	<b>2,611,067</b>
<b>Operating Programs</b>			
769 Facilities Services	3,663,875	3,663,820	55
307 Capital Project Administration	1,835,968	1,814,341	21,627
761 Application and Integration Services and Support	2,130,693	2,162,465	(31,772)
763 Provision of Vehicles and Motorized Equipment	2,721,607	2,774,939	(53,332)
767 Infrastructure Services and Support	1,997,826	2,018,488	(20,663)
770 Internal and External Business Support Services	821,580	443,279	378,300
773 Central Information Technology Systems and Networks	0	4	(4)
775 Office and Mail Systems	820,291	778,133	42,158
779 Information Technology Department Management and Support Services	669,336	631,502	37,834
799 Non-Programmatic	1,285,667	1,285,667	0
Total Public Works	15,946,843	15,572,640	374,203
<b>Total Operating Programs</b>	<b>15,946,843</b>	<b>15,572,640</b>	<b>374,203</b>
<b>Non-Departmental</b>			
7900 General Fund - General	147,997	200,964	(52,967)
7900 Infrastructure Fund - General Assets	67,518	17,210	50,308
7900 Infrastructure Fund - Multi Assets	94,996	94,996	0
7900 Sunnyvale Office Center	112,800	112,800	0
7900 2001 Government Center COP	865,941	904,186	(38,245)
7900 Utilities Fund - Sewer	3,291,856	3,291,855	0
7900 Community Recreation Fund - Leisure Srvcs	187,297	187,295	2
7900 Capital Projects Fund - General Assets	11,706	0	11,706
7900 General Services Fund - Project Management Services	9,023	5,943	3,080
<b>Total Non-Departmental</b>	<b>4,789,134</b>	<b>4,815,248</b>	<b>(26,115)</b>

City of Sunnyvale  
Year-end Appropriations Report  
Fiscal Year Ending June 30, 2009

Attachment A

Fund 595 - General Services Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Projects</b>			
824980 Sunnyvale Office Center Site Improvements	221,932	135,569	86,363
828040 Automated Fuel Management System	149,342	21,038	128,304
825900 Information Technology Investment Account	262,174	193,578	68,596
826370 Email Subscription Management Application	20,000	0	20,000
827100 Mobile Recreation Vehicle	20,000	18,850	1,150
890410 Mutual Aid Reimbursement-Fleet	0	16,881	(16,881)
<b>Total Projects</b>	<b>673,448</b>	<b>385,916</b>	<b>287,532</b>
<b>Total Appropriations</b>	<b>28,175,934</b>	<b>24,929,247</b>	<b>3,246,687</b>
Project/Equipment Carryovers	0	2,718,513	(2,718,513)
Deferred Transfers Out	0	34,000	(34,000)
Unexpended Equipment Funds Returned to Fund	0	(784,027)	784,027
<b>Total</b>	<b>28,175,934</b>	<b>26,897,733</b>	<b>1,278,201</b>

Fund 610 - Infrastructure Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Non-Departmental</b>			
7900 General Services Fund - Project Management Service	\$276,915	\$331,793	(\$54,878)
7900 Capital Projects Fund - General Assets	231,760	0	231,760
<b>Total Non-Departmental</b>	<b>508,675</b>	<b>331,793</b>	<b>176,882</b>
<b>Projects</b>			
Subfund 100 - General Assets			
817950 Civic Center Buildings - HVAC	258,379	14,888	243,492
818050 Civic Center Buildings - Rehabilitation	20,062	0	20,062
818100 Public Safety Buildings - Roofs	494,683	23,062	471,621
818150 Public Safety Buildings - Rehabilitation	61,078	56,113	4,965
818450 Community Center Buildings - HVAC	567,186	566,106	1,080
818550 Park Buildings - Rehabilitation	14,991	10,713	4,278
818700 Corporation Yard Buildings - Rehabilitation	198,775	106,863	91,912
819610 Public Safety Buildings - HVAC	1,482,467	50,903	1,431,564
819630 Community Center Buildings - Roof Replacement and Repair	1,151,984	438,096	713,888
820000 Corporation Yard Buildings - HVAC Replacement	13,323	0	13,323
820130 Routine Resurfacing of City Owned Parking Lots	18,870	18,870	0
820180 Traffic Signal Controller Replacement	173,330	96,202	77,128
820190 Traffic Signal Hardware & Wiring	785,136	481,899	303,237
820200 Traffic Signal Light Emitting Diode (LED) Array Replacements	45,000	13,340	31,660
820280 Park Furniture and Fixtures Replacement	57,115	57,115	0
822080 Fair Oaks Park Hardscape Renovation	36,000	0	36,000
824220 Raynor Activity Center Site Improvements	44,847	40,673	4,174
825290 Pavement Rehabilitation	434,797	2,014	432,783
825340 Street Lights Conduit Replacement	100,000	15,443	84,557
825550 Adaptive Traffic Signal Control Upgrade	1,737	1,361	376
825560 Security Access Control System Replacement	351,327	351,327	0
825850 Swim Pools Infrastructure	61,464	44,607	16,857
826560 Public Safety Building Detention Equipment	5,370	69	5,301
827110 Update of Public Building Long-Range Infrastructure Plan	200,000	0	200,000
827120 Calabazas Creek Bridge at Arques	40,000	0	40,000
827130 Community Ctr and Columbia Sports Ctr Basketball Assembly	29,937	28,975	962
827140 Community Center Theater Seats	60,213	60,213	0
827150 Community Center Gas Line Replacement	360,184	9,920	350,264
827470 Long Range Facilities Planning	165,454	149,976	15,478
827910 Storm Damage at City Facilities (DPS, SOC, & CC Gym)	0	2,062	(2,062)
Total Subfund 100 - General Assets	<u>7,233,709</u>	<u>2,640,808</u>	<u>4,592,901</u>
Project Carryovers	0	4,251,980	(4,251,980)
Total Subfund 100 - General Assets	<u>7,233,709</u>	<u>6,892,788</u>	<u>340,921</u>
Subfund 500 - Community Recreation			
800451 Sunnyvale Tennis Center Court Resealing	145,700	123,200	22,500
804401 Golf Courses Protective Netting Replacement	62,468	12,468	50,000
818750 Golf and Tennis Buildings - Rehabilitation	44,900	44,900	0
819580 Golf Course Pathways Renovation	4,553	4,553	0
825190 Community Center Identification Sign	105	105	0
827160 Tennis Center Court Rebuilding	40,000	20,154	19,846
820361 Golf Course Tee Grounds Renewal	114,680	114,680	0
Total Subfund 500 - Community Recreation	<u>412,406</u>	<u>320,060</u>	<u>92,346</u>

Fund 610 - Infrastructure Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Project Carryovers	0	92,346	(92,346)
Total Subfund 500 - Community Recreation	<u>412,406</u>	<u>412,406</u>	<u>0</u>
Subfund 900 - Multi-Funded Assets			
818651 Corporation Yard Buildings - Roofs	243,576	241,326	2,250
Total Subfund 900 - Multi-Funded Assets	<u>243,576</u>	<u>241,326</u>	<u>2,250</u>
<b>Total Projects</b>	<u><b>7,889,691</b></u>	<u><b>3,202,194</b></u>	<u><b>343,171</b></u>
<b>Total Appropriations</b>	<u><b>8,398,366</b></u>	<u><b>3,533,986</b></u>	<u><b>520,053</b></u>
Deferred Transfers Out	0	231,760	(231,760)
Unexpended Project Funds Returned to Fund	0	(591,196)	591,196
<b>Total</b>	<u><b>8,398,366</b></u>	<u><b>7,518,876</b></u>	<u><b>(3,464,837)</b></u>

Fund 640 - Employee Benefits Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Operating Programs</b>			
Human Resources			
781 Employee Leave Benefits - Leave Earned/Usage Information	\$13,132,327	\$13,484,819	(\$352,492)
784 Retirement, Insurances, and Taxes - Usage Information	41,817,307	39,682,351	2,134,956
Workers' Compensation Excess Insurance, Cost of Claims, and			
785 Leave Hours Taken - Usage Information	3,393,916	2,848,214	545,702
Total Human Resources	<u>58,343,550</u>	<u>56,015,384</u>	<u>2,328,166</u>
<b>Total Operating Programs</b>	<u><b>58,343,550</b></u>	<u><b>56,015,384</b></u>	<u><b>2,328,166</b></u>
<b>Total Appropriations</b>	<u><b>58,343,550</b></u>	<u><b>56,015,384</b></u>	<u><b>2,328,166</b></u>
<b>Total</b>	<u><b>58,343,550</b></u>	<u><b>56,015,384</b></u>	<u><b>2,328,166</b></u>

Fund 645 - Risk Management Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Operating Programs</b>			
Human Resources			
751 Comprehensive Legal Services City Liability and Property, Safety Services, and Workers'	\$100,000	\$40,147	\$59,853
786 Compensation Benefits Administration City Liability and Property Insurance and Claim Costs - Usage	217,949	160,641	57,308
787 Information	1,197,750	814,170	383,580
Total Human Resources	<u>1,515,699</u>	<u>1,014,958</u>	<u>500,741</u>
<b>Total Operating Programs</b>	<b><u>1,515,699</u></b>	<b><u>1,014,958</u></b>	<b><u>500,741</u></b>
<b>Total Appropriations</b>	<b><u>1,515,699</u></b>	<b><u>1,014,958</u></b>	<b><u>500,741</u></b>
<b>Total</b>	<b><u>1,515,699</u></b>	<b><u>1,014,958</u></b>	<b><u>500,741</u></b>

Fund 727 - Fremont Pool Permanent Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
<b>Non-Departmental</b>			
7900 Comm Rec Fund - Leisure Svcs	\$35,802	\$21,811	\$13,991
<b>Total Non-Departmental</b>	<u>35,802</u>	<u>21,811</u>	<u>13,991</u>
<b>Total Appropriations</b>	<u>35,802</u>	<u>21,811</u>	<u>13,991</u>
<b>Total</b>	<u>35,802</u>	<u>21,811</u>	<u>13,991</u>

Fund 730 - Swirsky Youth Opportunity Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Non-Departmental</b>			
7900 Comm Rec Fund - Leisure Svcs	\$22,076	\$13,269	\$8,807
<b>Total Non-Departmental</b>	<u>22,076</u>	<u>13,269</u>	<u>8,807</u>
<b>Total Appropriations</b>	<u>22,076</u>	<u>13,269</u>	<u>8,807</u>
<b>Total</b>	<u>22,076</u>	<u>13,269</u>	<u>8,807</u>

**CITY OF SUNNYVALE**  
**MEMORANDUM ON INTERNAL CONTROL**  
**AND**  
**REQUIRED COMMUNICATIONS**  
**FOR THE YEAR ENDED**  
**JUNE 30, 2009**

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**CITY OF SUNNYVALE  
MEMORANDUM ON INTERNAL CONTROL  
AND  
REQUIRED COMMUNICATIONS**

**For the Year Ended June 30, 2009**

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## MEMORANDUM ON INTERNAL CONTROL

November 13, 2009

To the City Council of  
the City of Sunnyvale, California

In planning and performing our audit of the financial statements of the City of Sunnyvale as of and for the year ended June 30, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the City's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we noted no matters that we consider to be material weaknesses.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe to be of potential benefit to the City.

The City's written responses included in this report have not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, City Council, others within the organization, and agencies and pass-through entities requiring compliance with generally accepted government auditing standards, and is not intended to be and should not be used by anyone other than these specified parties.

*Maze & Associates*

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**SCHEDULE OF OTHER MATTERS**

**New Pronouncements:**

The following comments represent new pronouncements taking affect in the next few years. We cite them here to keep you abreast of developments:

**2009-01 - Upcoming GASB Statement No. 51, Accounting and Financial Reporting for Intangible Assets (Effective for fiscal 09/10) - Retroactive Application Required**

Governments have different types of intangible assets, such as easements, water rights, patents, trademarks, and computer software. Easements are referred to in the GASB 34 description of capital assets, which has raised questions about whether and when intangible assets should be considered capital assets for financial reporting purposes.

The absence of specific authoritative guidance has resulted in inconsistencies in the recognition, initial measurement, and amortization of intangible assets among governments. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies and enhance comparability.

A summary of the statement:

- Intangible assets should be classified, accounted for and reported as capital assets, unless excluded from the scope. Guidance in this statement is in addition to existing capital asset guidance.
- GASB 51 specifically addresses the nature of intangible assets:
  - *Lack of physical substance.* An asset may be contained in or on an item with physical substance, for example, a compact disc in the case of computer software. An asset also may be closely associated with another item that has physical substance, for example, the underlying land in the case of a right-of-way easement. These modes of containment and associated items should not be considered when determining whether or not an asset lacks physical substance.
  - *Nonfinancial nature.* In the context of this Statement, an asset with a nonfinancial nature is one that is not in a monetary form similar to cash and investment securities, and it represents neither a claim or right to assets in a monetary form similar to receivables, nor a prepayment for goods or services.
  - *Initial useful life greater than one year.*
- GASB 51 excludes:
  - Assets acquired or created primarily for the purpose of directly obtaining income or profit.
  - Assets resulting from capital lease transactions reported by lessees.
  - Goodwill created through the combination of a government and another entity.
- Recognition of an intangible asset occurs only if it is considered identifiable. That is when either of the following apply:

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- The asset is separable from the government. That is it can be sold, transferred, licensed, rented, or exchanged.
- The asset arises from contractual or other legal rights, regardless of whether transferable or separable.
- Specific conditions must be present to recognize internally generated intangibles. Capitalization of costs begins after all of the following criteria are met:
  - Determination of specific objectives of the project and the nature of the service capacity expected upon the completion.
  - Demonstration of the feasibility that the completed project will provide its expected service capacity.
  - Demonstration of the current intention, ability, and effort to complete or continue development of the intangible asset.
  - Internally generated computer software is used as an example in applying the specific conditions approach.
  
- Amortization lives are addressed:
  - Limited by contractual or legal provisions.
    - Renewal periods for rights may be considered if there is evidence that the government will seek and be able to achieve renewal and that any anticipated outlays to be incurred as part of achieving the renewal are nominal. Such evidence should consider the required consent of a third party and the satisfaction of any conditions required to achieve renewal.
  - An indefinite life (no amortization) is permitted so long as there are:
    - No limiting legal, contractual, regulatory, technological, or other factors, and
    - No subsequent change in circumstances.
    - A permanent right-of-way easement is an example.

*Retroactive Application:* For GASB 34 Phase I & II governments, retroactive reporting is required for intangible assets acquired in fiscal years ending after June 30, 1980. Retroactive reporting is not required for intangible assets with indefinite useful lives or internally generated intangibles, as of the effective date of this Statement.

**Management Response:**

The City is aware of GASB Statement No. 51 and will implement and report as required for FY 2009/2010.

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**SCHEDULE OF OTHER MATTERS**

**2009-02 - Statement No. 53 - Accounting and Financial Reporting for Derivative Instruments (Effective for fiscal 09/10)**

This Statement is intended to improve how state and local governments report information about derivative instruments in their financial statements. Specifically, GASB 53 requires governments to measure most derivative instruments at fair value in their financial statements that are prepared using the economic resources measurement focus and the accrual basis of accounting (proprietary and entity-wide financial statements). Governments enter into derivative instruments as investments; as hedges of identified financial risks associated with assets or liabilities, or expected transactions (that is, hedgeable items); or to lower the costs of borrowings. Governments often enter into derivative instruments with the intention of effectively fixing cash flows or synthetically fixing prices. Common types of derivative instruments used by governments include interest rate and commodity swaps, interest rate locks, options (caps, floors, and collars), swaptions, forward contracts, and futures contracts. In addition, this standard addresses hedge accounting requirements.

**Management Response:**

The City is aware of GASB Statement No. 53 and will implement and report as required for FY 2009/2010.

**GASB Statement No. 54 Fund Balance Reporting and Governmental Fund Type Definitions (Effective for fiscal 10/11)**

This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

The initial distinction that is made in reporting fund balance information is identifying amounts that are considered **nonspendable**, such as fund balance associated with inventories. This Statement also provides for additional classification as **restricted, committed, assigned, and unassigned** based on the relative strength of the constraints that control how specific amounts can be spent.

The **restricted** fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

The **committed** fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Amounts in the **assigned** fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds *other than the general fund*, assigned fund balance represents the remaining amount that is not restricted or committed.

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**SCHEDULE OF OTHER MATTERS**

**Unassigned** fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. *In other funds*, the unassigned classification should be *used only to report a deficit balance* resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. Governments are required to disclose information about the processes through which constraints are imposed on amounts in the committed and assigned classifications.

Disclosure of the policies in the notes to the financial statements is required.

This Statement also provides guidance for classifying stabilization amounts on the face of the balance sheet and requires disclosure of certain information about stabilization arrangements in the notes to the financial statements.

The definitions of the general fund, special revenue fund type, capital projects fund type, debt service fund type, and permanent fund type are clarified by the provisions in this Statement. Interpretations of certain terms within the definition of the special revenue fund type have been provided and, for some governments, those interpretations may affect the activities they choose to report in those funds. The capital projects fund type definition also was clarified for better alignment with the needs of preparers and users. Definitions of other governmental fund types also have been modified for clarity and consistency.

**Management Response:**

The City has studied GASB Statement No. 54 and will early implement and report as required in FY 2009/2010 if the GFOA includes this statement in the checklist items in time for the next CAFR.

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**CITY OF SUNNYVALE  
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**STATUS OF PRIOR YEAR SCHEDULE OF OTHER MATTERS**

**2008-01 Information Technology Best Practices Recommendations**

We conducted an Information Systems Review with our audit which encompassed the financial information system and the network environment that houses it. Our work included looking beyond the financial information systems as a result of greater risks of unauthorized access caused by overall industry growth of web-based commerce and internet based financial systems. Internal controls that are present in the overall network environment have become more important and relevant to understanding the internal controls over financial systems. We believe Information System controls must be continuously improved and enhanced to stay ahead of the ever increasing sophistication of hackers and criminals.

Currently, there are no Information Technology standards which local governments are required to conform to. Indeed there are a wide variety of informal guidelines and suggested controls from many different organizations which local governments may use to implement appropriate controls to ensure adequate security over information technology. Our Information Technology staff have reviewed these informal guidelines and concluded that the certification and accreditation framework developed by the National Institute of Standards and Technology (NIST) for the Federal Information Security Management Act (FISMA) are the most appropriate for local government. NIST and FISMA represent the minimum security requirements for federal government agencies information systems. We understand the U.S. Department of Justice recommends these for local governments. Our procedures included performing an external network scan based on NIST criteria and in determining that internal control provides for:

- Internet access defenses including hacker prevention, detection and deterrent systems
- Security of data from physical or network access
- Adequately protecting data from unauthorized internal access
- Reasonable measures to ensure continuation of service

A summary of our results and “best practices” recommendations are as follows:

- *Payment Card Industry Compliance* - Any organization that processes credit cards is required to comply with the Payment Card Industry Data Security Standard (PCI-DSS). It appears that the City is not in compliance with PCI-DSS. The standard was developed to minimize the risk of loss due to security breaches in processing credit card transactions. Merchants which conform to the Standard pay lower transaction fees than those that do not comply and they minimize their liabilities which may result from security breaches.
- *General Information Systems Controls* - We compared the City’s information systems controls with the various NIST standards and believe improvements should be considered for implementation such as formalizing business continuity plans including alternate processing site locations, contingency planning and training. We will provide a detailed report to the City which describes the relevant standards and the control status for their consideration.

As noted above, the City is not required to conform to NIST standards and could use another set of guidelines to ensure the adequacy of controls. However, we recommend the City select an appropriate industry standard such as NIST to plan, organize and monitor information security proactively.

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**STATUS OF PRIOR YEAR SCHEDULE OF OTHER MATTERS**

- *Audit/Event Logging* - We believe this is one of the more important standards of NIST. The City does not appear to have audit logs documenting any change, addition or deletion of user accounts within the financial information system. The City should have audit/event logs of any addition, deletion or change in financial information system user accounts and the logs should be monitored by someone without the rights to effect such changes to ensure only authorized appropriate changes are made. In addition, any administrative access such as upgrades or application modifications by any information technology personnel, outside consultants or vendors should also be logged and reviewed.

**Management Response:**

The City has made substantial progress on the information technology best practices recommendations over the past year. In particular, staff has taken many steps to be compliant with PCI-DSS. As required by PCI-DSS, the City is performing quarterly network scans and has completed the self assessment questionnaire (SAQ). A committee of Finance and Information Technology staff is addressing the vulnerabilities identified through the scans and SAQ. In regards to the General Information Systems Controls and Audit/Event Logging recommendations, Information Technology staff are working on a network redesign project, to be completed in FY 2009/2010, that will address these recommendations

## REQUIRED COMMUNICATIONS

November 13, 2009

To the City Council of  
the City of Sunnyvale, California

We have audited the financial statements of the City of Sunnyvale as of and for the year ended June 30, 2009 and have issued our report thereon dated November 13, 2009. Professional standards require that we advise you of the following matters relating to our audit.

**Financial Statement Audit Assurance:** Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit in accordance with generally accepted auditing standards does not provide absolute assurance about, or guarantee the accuracy of, the financial statements. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is an inherent risk that material errors, fraud, or illegal acts may exist and not be detected by us.

**Other Information Included with the Audited Financial Statements:** Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. Our responsibility also includes communicating to you any information that we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements. This other information and the extent of our procedures are explained in our audit report.

**Accounting Policies:** Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2009.

**Unusual Transactions, Controversial or Emerging Areas:** No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2009.

**Estimates:** Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

- *Landfill Post-closure Care Costs:* (Note 7F to the financial statements) - The City has estimated post closure costs of a landfill based on what it would cost to perform all currently mandated closure and post-closure care. Actual closure and post-closure care costs may be higher due to inflation variances, changes in technology, or changes in State or Federal regulations.
- *Town Center Pollution Remediation Obligations* (Note 7G to the financial statements) - The City has estimated pollution remediation costs including legal and environmental consulting, reimbursement to the oversight agency, and costs related to remediation implementation and post-remediation monitoring.

**Disagreements with Management:** For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Retention Issues:** We did not discuss any major issues with management regarding the application of accounting principles and auditing standards that resulted in a condition to our retention as the City's auditors.

**Difficulties:** We encountered no difficulties in dealing with management relating to the performance of the audit.

**Audit Adjustments:** For purposes of this communication, professional standards define an audit adjustment, whether or not recorded by the City, as a proposed correction of the financial statements that, in our judgment, may not have been detected except through the audit procedures performed. These adjustments may include those proposed by us but not recorded by the City that could potentially cause future financial statements to be materially misstated, even though we have concluded that the adjustments are not material to the current financial statements.

We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the entity's financial reporting process.

**Uncorrected Misstatements:** There were no uncorrected financial statement misstatements.

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This report is intended solely for the information and use of the audit committee, City Council, and management and is not intended to be and should not be used by anyone other than these specified parties.

Mare & Associates