



December 13, 2011

**SUBJECT: FY 2010/11 Budgetary Year-End Financial Report,
Comprehensive Annual Financial Report, Redevelopment
Agency Financial Report, and Sunnyvale Financing
Authority Financial Report**

REPORT IN BRIEF

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, 2011. In addition, the City's audited Comprehensive Annual Financial Report (CAFR), the Redevelopment Agency Financial Report, and the Sunnyvale Financing Authority Financial Report for FY 2010/11 are being presented for Council's information.

Overall the City's General Fund ended the year in a better financial position from that estimated in the Recommended Budget by approximately \$7.8 million. This is primarily the result of better than expected revenues in several areas, including Sales Tax and development-related taxes and fees. While there were also significant savings in the operations, the majority of these savings had already been incorporated into the FY 2011/12 Budget. Although these are outstanding results, it is important to note that the General Fund's expenditures still exceeded its revenues by nearly \$750,000. Further, \$3.7 million of the \$7.8 million will need to be set aside to make the RDA "opt-in" payment in January 2012. Finally, the City must continue to contend with a number of expenditure vulnerabilities, including the potential dissolution of the RDA and aggressive budgetary assumptions for employee compensation concessions. As a result, staff recommends not taking action with the remaining \$4.1 million at this time and evaluating the potential for service level adjustments as part of the development of the recommended FY 2012/13 Budget.

Year-end results in comparison to the estimates made for the Recommended Budget for other major funds are also included in this report.

BACKGROUND

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.

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 2010/11.

The City's Comprehensive Annual Financial Report (CAFR) for FY 2010/11, 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 and the Sunnyvale Financing Authority Financial Report.

EXISTING POLICY

Statement 7.1G.1.7 of Council Fiscal Policy states that, "the City Council shall be provided 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 policy.

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 2010/2011 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 2010/11 are shown in the table on the following page. Total revenues exceeded the estimates for FY 2010/11 included in the City Manager's Recommended Budget by nearly \$6.2 million.

FY 2010/11 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>
Property Taxes	\$ 41,937,637	\$ 42,356,100	\$ 418,463	1.00%
Sales Taxes:				
Sales and Use Tax - City	27,286,190	29,228,078	1,941,888	7.12%
Sales and Use Tax - Public Safety	1,164,287	1,190,866	26,579	2.28%
Total Sales Tax	28,450,477	30,418,944	1,968,467	6.92%
Other Taxes				
Business License Tax	1,450,000	1,494,340	44,340	3.06%
Construction Tax	1,234,784	1,355,676	120,892	9.79%
Real Property Transfer Tax	650,000	717,629	67,629	10.40%
Total Other Taxes	3,334,784	3,567,645	232,861	6.98%
Transient Occupancy Tax	6,430,805	6,589,447	158,642	2.47%
Utility Users Tax	6,801,741	6,805,668	3,927	0.06%
Franchises	6,309,686	6,246,832	(62,854)	(1.00)%
Rents & Concessions	1,954,014	2,012,834	58,820	3.01%
Federal & Intergovernmental Revenues	611,780	833,130	221,350	36.18%
State Revenues:				
Motor Vehicle License Fees	519,400	707,880	188,480	36.29%
Other State Revenues	365,322	412,590	47,268	12.94%
State Library Grant	48,041	48,041	0	0.00%
Total State Revenues	932,763	1,168,511	235,748	25.27%
Permits & Licenses	5,544,598	5,972,123	427,525	7.71%
Fines & Forfeitures	1,100,469	1,224,240	123,771	11.25%
Service Fees:				
Abandoned Vehicles (AVASA)	185,000	193,365	8,365	4.52%
Community Development Fees	1,861,891	2,088,322	226,431	12.16%
Finance Fees	232,898	216,142	(16,756)	(7.19)%
Library Fees	16,453	15,952	(501)	(3.05)%
Public Safety Fees	856,928	924,665	67,737	7.90%
Public Works Fees	422,309	479,340	57,031	13.50%
Parks and Recreation Fees	141,500	148,204	6,704	4.74%
Total Service Fees	3,716,979	4,065,990	349,011	9.39%
Interest Income	492,544	490,071	(2,473)	(0.50)%
Other Revenues:				
Interfund Revenues	9,330,898	11,293,118	1,962,220	21.03%
Miscellaneous Revenues	220,175	442,729	222,554	101.08%
Sale of Property	8,006	11,014	3,008	37.57%
Total Other Revenues	9,559,079	11,746,861	2,187,782	22.89%
Transfers In/In Lieu Fees	9,362,127	9,192,254	(169,873)	(1.81)%
Revenue Total	\$ 126,539,483	\$ 132,690,650	\$ 6,151,157	4.86%

Budget values are amounts from Recommended Budget

Property Tax revenues for FY 2010/11 came in approximately \$418,000 higher than what was projected for the Recommended Budget. This is predominantly the result of higher than expected revenues for Tax Delinquencies (\$170,000 greater than expected) and Unsecured Tax (\$158,000 greater than expected). Although Property Tax revenues were higher than expected, they were still \$1.3 million lower than FY 2009/10. Supplemental Property Tax and Tax Delinquencies, which are difficult to forecast due to their nature, account for the majority of the year-over-year decline. Going forward, there is still concern regarding the assessed value of commercial properties and the impact on FY 2011/12 Property Tax revenues. In the FY 2011/12 Adopted Budget, revenue projections for Secured Tax were revised slightly downward to reflect the expected outcome of appeals to the assessed values of commercial properties.

Final Sales Tax revenues for FY 2010/11 were approximately \$1.9 million above estimates made for the Recommended Budget and exceeded total FY 2009/10 Sales Tax revenues by approximately \$3.8 million, or nearly 15%. This is the largest year-over-year increase in the past 10 years. The recent declines in retail activity and the loss of multiple local automobile dealerships continue to affect the Sales Tax baseline; however, business-to-business sales have sharply rebounded to pre-recession levels. Because business-to-business sales are highly volatile and can be one-time in nature, staff has concerns as to whether the recent positive news regarding Sales Tax is evidence of sustainable local economic recovery. Staff will continue to monitor the Sales Tax baseline and will have more meaningful information on Sales Tax revenues for FY 2011/12 when the final remittances from the first quarter of the fiscal year are received from the State in mid-December.

Transient Occupancy Tax (TOT) revenues exceeded projections made for the Recommended Budget by approximately \$160,000 and were \$1 million higher than FY 2009/10, an 18% increase. Because of the heavy amount of business-related activity that occurs in the City, TOT revenues tend to follow the Sales Tax revenue trends. Both room rates and occupancy rates increased in FY 2010/11, with occupancy rates back to pre-recession levels and room rates still lagging in terms of a full recovery. Through the first quarter of FY 2011/12, TOT revenues remain strong. Since these revenues serve as a key early indicator of the City's fiscal health, especially as it relates to Sales Tax revenue, staff will continue to closely monitor TOT revenues and report out as appropriate.

Utility Users Tax revenues for FY 2010/11 were flat compared to FY 2009/10 and were very close to the projections made for the Recommended Budget. Overall energy-related revenues were \$163,000 higher than in FY 2009/10, with PG&E electricity revenues accounting for \$124,000 of the increase. Telecommunication-related revenues decreased in FY 2010/11, with the majority of the decrease related to AT&T. The City's Franchise Fee revenue was

slightly lower than what had been projected for the Recommended Budget but was \$250,000 higher than FY 2009/10. The fluctuations in Franchise Fees are primarily a result of lower Comcast and Garbage royalty revenues.

Real Property Transfer Tax revenues increased by nearly \$150,000 over FY 2009/10 and exceeded updated projections made for the Recommended Budget by 10%. 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. The FY 2011/12 Adopted Budget includes a projected increase of 11%, which is the result of the expected improvement in turnover rates and valuations in the residential sector.

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 declining considerably in FY 2008/09 and FY 2009/10, these revenue sources rebounded sharply in FY 2010/11 and exceeded the projections made for the Recommended Budget by nearly \$700,000. In total, the development-related revenues were more than \$2 million higher than FY 2009/10. The largest increases were seen in Construction Tax, Building Permits, and Plan Check Fees, as several large-scale projects were initiated over the past year. Development-related revenues have remained extremely strong through the first four months of FY 2011/12 and will exceed current projections. Updated projections for this fiscal year will be made in March and incorporated into the FY 2012/13 Recommended Budget.

Interest earnings continued to decline sharply in FY 2010/11, coming in at \$490,000, which is down \$250,000 from FY 2009/10. Since FY 2008/09, interest earnings are down nearly 75%. This is predominantly attributable to the unusually low interest rate environment, with the City currently earning less than 1% on our investment portfolio because of the low yield on the U.S. Treasury and other highly safe investment instruments. Interest earnings are expected to remain low for the foreseeable future based on current investment returns.

The Motor Vehicle License Fee (VLF) increased by nearly \$300,000 over FY 2009/10 and was nearly \$200,000 greater than projections made for the Recommended Budget. The reason for the significant increase is in late FY 2010/11 the State remitted funds owed to the City for excess VLF collections from FY 2006/2007 to FY 2010/11. Starting in FY 2011/12, the City's General Fund will lose this revenue source entirely, as SB89 shifted hundreds of millions of dollars of VLF revenue statewide to fund law enforcement grants. The baseline revenue amount the City received from VLF that has been eliminated is approximately \$500,000 annually, while the corresponding law

enforcement grants that the City will now receive instead total closer to \$225,000, making the net loss to the City approximately \$275,000.

Other revenues exceeded estimates made for the Recommended Budget by nearly \$2.2 million. Approximately \$2 million of this amount was related to loan repayments from the RDA that came in higher than projected due to an unanticipated increase in Tax Increment. This will be covered in more detail in the RDA fund review section of this report. The remaining \$200,000 was primarily due to significant revenues received for reimbursements for damage to City property.

Expenditures

General Fund expenditures for the fiscal year ending June 30, 2011 are shown in the table below:

FY 2010/2011 General Fund Expenditures and Transfers - Estimated vs. Actual

Description	Amended Budget	Actual Expenditures	Variance Favorable (Unfavorable)	Percent Variance
Equipment	\$ 926,546	\$ 701,021	\$ 225,525	24.34 %
Operations	117,118,538	116,291,180	827,358	0.71 %
Projects	3,955,766	1,874,522	2,081,244	52.61 %
Transfers	13,108,067	9,185,804	3,922,263	29.92 %
Total Expenditures Subtotal	135,108,917	128,052,527	7,056,390	5.22 %
Equipment Carryovers	-	221,235	(221,235)	0.00%
Project Carryovers	-	1,864,262	(1,864,262)	0.00%
Deferred Transfers	-	3,293,659	(3,293,659)	0.00%
Total Carryovers	-	5,379,156	(5,379,156)	-
Expenditures Grand Total	135,108,917	133,431,683	1,677,234	1.24 %

Includes Recommended Budget amounts plus Budget Modifications

The details of FY 2010/11 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 2010/11 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 \$7.1 million in unexpended funds from FY 2010/11, approximately \$5.4 million has been carried forward to FY 2011/12 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 \$1.7 million is savings to the General Fund above and beyond what was incorporated into the Recommended Budget and is the result of both operating and project savings. It is important to note that in comparison to budgeted General Fund appropriations, department operating programs saved a total of approximately \$2.6 million in FY 2010/11. As noted above, however, in order to present the most accurate financial position for the General Fund, \$1.8 million of these savings were already incorporated into the FY 2011/12 Recommended Budget. The operating savings were predominantly the result of vacancies within the departments. These are expected to be one-time savings, as for the most part these vacant positions were not budgeted for FY 2011/12 as part of the City's ongoing expenditure reduction efforts.

Final Fund Results

The final position of the General Fund, as reflected in this Year-End Financial Report, is approximately \$7.8 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:

	<u>Amended FY 2010/2011 Budget</u>	<u>Actual FY 2010/2011 Results</u>	<u>Variance</u>
Total Revenues	\$ 126,539,483	\$ 132,690,650	\$ 6,151,167
Total Expenditures Including Carryovers	135,108,917	133,431,683	1,677,234
Net Results - Increase in GF Reserves	<u>\$ (8,569,434)</u>	<u>\$ (741,033)</u>	<u>\$ 7,828,401</u>

In total, the City's General Fund closed FY 2010/11 approximately \$7.8 million better than projected, which resulted in the Budget Stabilization Fund being drawn down much less than expected. Despite this good news, the City still must address the structural deficit that is depleting the Budget Stabilization Fund. In the Recommended Budget, the Budget Stabilization Fund balance was fully exhausted in 2028, primarily the result of expenditures, particularly those related to personnel, rising at a faster rate than revenue growth, and the termination of two loan repayments to the General Fund in the final ten years of the long-term plan. In July of 2011, Council adopted two changes to the policy on General Fund reserves. One of the changes was to reduce the Contingency Reserve from 20% of operations annually to 15% of operations in year one of the long-term plan, with growth in the subsequent years tied to CPI. This change resulted in \$6.2 million being shifted from the Contingency Reserve to the Budget Stabilization Fund, extending its solvency into 2029.

The additional revenues and expenditure savings from FY 2010/11 also increased the balance in the Budget Stabilization Fund over what had been projected; however, barring any material changes to revenue and/or expenditure projections going forward, this additional balance will only extend the life of the Budget Stabilization Fund one additional year, into 2030. Therefore, more work is needed to contain expenditure growth to better align it with the rate of revenue growth.

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

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.

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 2010/2011 was approximately \$2 million higher than budgeted, as Tax Increment was higher than projected. This is the result of land and improvement valuations being higher than expected and the continued delay in the disposition of assessment appeals. With respect to the latter, the City still has vulnerability to reduced assessed valuations in the Project Area pending the result of these appeals.

The State's fiscal problems continue to impact RDA revenues, as ABX1 26 and ABX1 27 were passed in June 2011 as part of the FY 2011/12 State budget

package. ABX1 26 will eliminate RDAs as of October 1, 2011 and create successor agencies to administer the process of dissolving the agencies and paying off eligible outstanding debts. ABX1 27 will allow an Agency to continue operating if the City commits to making annual payments into a special fund established and administered by the county auditor-controller to provide funds for counties and school districts. It is anticipated that the first year payment for the City will be \$3.7 million, with \$900,000 required annually thereafter.

On July 18, 2011, the California Redevelopment Association, the League of California Cities, and others challenged the validity and constitutionality of ABX1 26 and 27 to the California Supreme Court. On August 11, 2011, and as modified on August 17, 2011, the California Supreme Court agreed to hear the case and issued an order granting a partial stay pending the Court's determination of the constitutionality of the Acts. The Court anticipates making a final decision by January 15, 2012. Staff will continue to monitor these RDA developments.

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, as well as for the maintenance of capital assets, 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 these funds 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 \$44 million, of which nearly all is being carried forward to be spent in FY 2011/12. The projects that account for the majority of the carryover include the Mathilda Avenue Railroad Overpass Improvements project (\$20.3 million), the Mary Avenue Extension Design project (\$3.7 million), the Calabazas Creek Bridge at Old Mt. View-Alviso Rd project (\$3.5 million), and the Hendy Avenue Complete Street Project (\$2.7 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 the majority of its revenues from user fees collected from the City's water rate payers. During the review of the Fund for the FY 2011/12 rate setting process, staff revised

revenue estimates and adjusted expenses to account for projected sales and project carryover funds from capital projects.

Revenues and other resources came in approximately \$225,000 over estimates. While water sales continued to decline, the reduction was not as steep as in prior years, with the Fund selling approximately 1% less water than in FY 2009/10. Total expenses ended approximately \$1.4 million less than planned, with the savings coming from completed projects that did not require their entire appropriation, reduced wholesale water purchases, and other operational savings.

While the overall decline in water sales was not as steep as in prior years, several consecutive years of declines in sales resulted in the City not reaching its take or pay commitments on both its wholesale water contracts. As a result, the utility paid approximately \$1 million for water it did not receive.

This trend has continued into the current year, with demand for water down approximately 10%, again creating a risk that the City will pay for water that it will not receive. The FY 2011/12 Budget accounts for this in its expenses; however, year-over-year sales were projected to be flat. Therefore, should the trend continue, budgeted revenues will be lower than projected, resulting in a net fund position that is worse than is reflected in the FY 2011/12 Budget. While a warm and dry spring could completely change the water sales forecast, the current trend and lower than projected fund balance could leave this fund vulnerable to future rate increases that are higher than the current long-term rate projections.

Solid Waste Management Fund

The Solid Waste Management Fund accounts for the operation of the City's solid waste collection and disposal system. Revenues are received from user fees and from the sale of recyclable materials. 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) for collection of garbage, yard trimmings, and recyclable materials. Revenues in this fund are driven primarily by the volume of garbage collected, and to a lesser extent, curbside recyclables and recyclables diverted from the general waste stream. As measured by weight, quantities were flat from the previous year. Fund expenses are driven partially by quantities of garbage, but are largely fixed costs for the collection system and SMaRT Station equipment and infrastructure. Overall, the Solid Waste Management Fund finished FY 2010/11 better than planned; however, the Fund continues to be impacted by the recession. While the drawdown of the Solid Waste Management Fund's Rate Stabilization Reserve is less than planned and the Fund's fiscal position

has begun to improve, very close monitoring will be required for the next several years to insure continued fund stability.

In the SMaRT Station Fund, the delayed wrap up of the SMaRT Station Materials Recovery Equipment project increased both expenses and revenues for SMaRT Station operations, with a net positive impact of \$1.5 million compared to the original budget.

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 revenues were approximately \$1.1 million higher than projections. This was due to higher than anticipated revenues from service fees, primarily from large commercial and industrial customers. Fund expenses were approximately \$1.6 million less than budgeted, which was primarily the result of savings in expenses related to 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 \$300,000 lower than what was anticipated in the FY 2011/12 Recommended Budget, which was predominantly the result of golf-related revenues not meeting revised estimates. As a result of revenues not meeting expectations, the ending balance in the Community Recreation Fund was negative. This Fund is in the process of being dissolved, with the recreation operations moving into the General Fund and the golf and tennis operations forming a new, self-sustaining enterprise fund. The full transition will be complete by the end of the current fiscal year, and any remaining negative balance from the Community Recreation Fund will have to be absorbed by the General Fund. When the FY 2011/12 Recommended Budget was developed, there was projected to be a slight positive fund balance when the transition was complete, so any negative balance that has to be absorbed by the General Fund will have to be offset with expenditure savings or additional revenues in other areas. As a result, the current operations for recreation, golf, and tennis are being monitored closely to be prepared to take action to minimize the potential negative impact on the General Fund.

General Services Fund

The General Services Fund accounts for the expenditures associated with support services such as fleet, building maintenance, the print shop, 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 2010/11, including carryovers, were \$18 million. Overall, the fund finished approximately \$1.3 million better than was projected in the FY 2011/12 Recommended Budget. These savings are primarily attributable to three factors. First, there were operating savings in the Department of Information Technology due to maintenance and support costs for hardware and software not being as high as expected. Second, there were equipment-related savings in Information Technology due to deferrals of planned replacements. Finally, there were savings from Facilities Services equipment, primarily due to planned carpet replacements that are on indefinite hold until the future of the Civic Center buildings is determined.

Employee Benefits Fund

The Employee Benefits Fund ended in better financial position than anticipated in the FY 2010/11 Recommended Budget by approximately \$1.3 million. This is predominantly the result of lower than expected expenditures in both the Retirement and Insurance Benefits Sub-funds. As the City has held vacant positions open that remain budgeted, there has been some savings from lower retirement costs and medical insurance premiums. For vacant positions eliminated from the budget, the benefits-related savings have already been incorporated into the long-term financial plan for the Employee Benefits Fund. Additionally, the City contributed nearly \$33 million in dedicated reserves to provide funding for the City's Other Post-Employment Retirement Benefits (OPEB) Trust for retiree medical costs.

CURRENT FISCAL AND ECONOMIC ENVIRONMENT

As noted previously, the General Fund finished FY 2010/11 \$7.8 million better than had been projected. This is predominantly the result of revenues that finished \$6.2 million better than estimated, as several of the City's major revenue sources rebounded sharply from the recession. It is important to note, however, that despite the outstanding results, General Fund expenditures still exceeded revenues by nearly \$750,000. Further, based on recent actions by the State, \$3.7 million of this amount will need to be set aside to make the City's "opt-in" payment in January 2012 to maintain the RDA, pending the decision from the State Supreme Court.

As we reach the mid-point of the current fiscal year and begin preparations for the development of the FY 2012/2013 Recommended Budget, there is a significant amount of fiscal uncertainty facing the City. On the expenditure

side, the City must contend with a number of vulnerabilities previously identified to Council, including: an existing structural deficit; aggressive budgetary assumptions for employee compensation concessions; loan repayments from the Solid Waste and Redevelopment Agency Funds ending during the final ten years of the long-term plan; the loss of Motor Vehicle License Fee revenue; the potential dissolution of the RDA; and the potential for additional adverse actions from the State as it continues to address its fiscal crisis.

Offsetting some of the expenditure vulnerability has been the sharp rebound of some of our major revenue sources, most notably Sales Tax and development-related taxes and fees. The extent to which these increases will be able to offset the expenditure uncertainty is not fully known at this time, as we do not have the full picture of the magnitude of continued revenue recovery. Additionally, while Sales Tax and development-related revenues increased sharply in 2010/11, these are also the City's two most volatile revenue sources, both declining severely during the last recession. Further, development-related revenues are one time in nature, with a pent up demand for projects occurring at this time following the global recession, and cannot be relied on over the long term. As we get deeper into the fiscal year, more information will be available on the recent trends related to these two revenue sources, as well as with Property Tax, which also has some potential upside over what has been projected based on recent development activity. As more information becomes available, staff will be able to determine if the baseline for these revenue sources can be increased over what is currently projected in the long-term plan.

What this all means for service levels going forward will depend on a number of factors. If the resolution of the RDA situation is positive for the City, budgeted personnel assumptions hold, and current trends warrant an increase to the long-term revenue baseline, it is possible that service-level increases could occur. However, a negative resolution to RDA and/or budgeted personnel assumptions will have a significantly negative impact to the City's fiscal condition, even if it were determined that the revenue baseline could be increased. In this scenario, or if there are any economic shocks that negatively impact revenues, we will be back to evaluating expenditure and service-level reductions.

Given where we are right now, staff recommends Council take no action at this point other than approving the set aside of \$3.7 million for the RDA payment due in January 2012. In the meantime, staff will continue to evaluate the City's revenue situation as more information becomes available; initial remittances for both Property Tax and Sales Tax will be received in December. More will also be known about the status of the RDA on January 15th, and updates on both revenues and expenditures will be presented at the

Study/Budget Issues Workshop on February 3, 2012. After the Workshop as we move into the development of the long-term financial plans, all updated revenue and expenditure assumptions based on what is known at the time will be built into the plans and incorporated into the FY 2012/13 Recommended Budget, along with recommendations to alter service levels, if applicable. Council will continue to be kept up-to-date as this process moves forward.

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 provides additional financial information not subject to audit.

FY 2010/11 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. Receiving an unqualified opinion is the optimal result from the independent audit. 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 auditors did not identify any deficiencies in the FY 2010/11 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.

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.

SUNNYVALE FINANCING AUTHORITY FINANCIAL REPORT

The Sunnyvale Financing Authority's (Authority) main function is the issuance of debt and the subsequent debt service. The Authority currently has two outstanding debt issuances, the 2009 Government Center Certificates of Participation and the Solid Waste Revenue Bonds, Series 2007. Because the Sunnyvale Financing Authority is a separate component unit of the City, it also has its own annual financial report. This financial report is presented for Council's information as Attachment E.

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 2010/11 in better position than was estimated in the Recommended Budget by approximately \$7.8 million. Even with those positive results, there are a number of significant fiscal concerns as we move into the preparation of the FY 2012/13 Recommended Budget. Staff will provide an update on the City's fiscal condition at the February 3, 2012 Study and Budget Issues Workshop.

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.

ALTERNATIVES

Alternative #1: 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, the Redevelopment Agency Financial Report, and the Sunnyvale Financing Authority Financial Report.

Alternative #2: Council approve the set aside and administrative appropriation of \$3.7 million from the Budget Stabilization Fund to cover the City's RDA "opt-in" payment in January, pending the ruling from the State Supreme Court.

Alternative #3: Other action as determined by Council.

RECOMMENDATION

Staff recommends Alternatives #1 and #2.

Reviewed by:

Grace Leung, Director of Finance
Prepared by: Drew Corbett, Budget Manager

Approved by:

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)
- E. Sunnyvale Financing Authority Financial Report (CD Format)

Fund 35 - General Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Equipment			
020000 General Equipment	\$ 164,835	\$ -	\$ 164,835
020901 Public Safety Equipment	757,421	701,021	56,400
Total Equipment	922,256	701,021	221,235
Operating Programs			
City Attorney			
750 Comprehensive Legal Services	1,790,865	1,560,541	230,324
Total City Attorney	1,790,865	1,560,541	230,324
City Manager			
723 Office of the City Manager	3,914,222	3,723,299	190,924
Total City Manager	3,914,222	3,723,299	190,924
Community Development			
233 Building Safety	2,517,862	2,622,404	(104,542)
234 Planning	2,204,780	2,184,395	20,385
235 Housing and CDBG Program	25,000	27	24,973
237 Department Management	375,304	331,690	43,614
Total Community Development	5,122,945	5,138,516	(15,570)
Finance			
703 Budget Management	770,633	677,161	93,473
704 Purchasing	1,222,256	1,262,903	(40,647)
705 Financial Management and Analysis	1,070,318	807,113	263,205
706 Accounting and Financial Services	1,701,716	1,557,116	144,600
707 Treasury Services	1,010,697	1,048,853	(38,156)
708 Utility Billing	2,027,981	2,048,454	(20,473)
Total Finance	7,803,602	7,401,600	402,002
Human Resources			
754 Human Resources	3,459,362	3,080,467	378,895
Total Human Resources	3,459,362	3,080,467	378,895
Library and Community Services			
527 Youth and Family Services	245,595	324,767	(79,172)
602 Community Services Department Management	508,780	388,646	120,135
620 Library	7,394,377	7,158,288	236,089
Total Library and Community Services	8,148,752	7,871,701	277,052
Public Safety			
471 Police Services	23,616,372	22,598,776	1,017,596
472 Fire Services	25,288,492	25,655,925	(367,433)
473 Community Safety Services	3,641,610	3,801,139	(159,529)
474 Personnel & Training	2,050,844	2,035,251	15,593
475 Investigation Services	4,705,735	4,771,713	(65,979)
476 Communication Services	2,806,643	3,036,379	(229,736)
477 Public Safety Administrative Services	6,852,347	6,903,476	(51,130)
478 Records Management & Property Services	2,017,207	2,011,318	5,889
Total Public Safety	70,979,249	70,813,977	165,272
Public Works			
119 Transportation and Traffic Services Pavement, Traffic Signs and Markings, Street Sweeping, Street Lights, and	2,051,408	1,831,968	219,439
120 Roadside Easements	2,601,816	2,335,247	266,568
121 Street Lights	1,229,175	1,145,147	84,028
219 Street Tree Services	1,175,634	1,215,312	(39,677)
222 Concrete Maintenance	912,200	530,219	381,980
267 Neighborhood Parks and Open Space Manage	7,781,940	7,772,310	9,630
308 Public Works Administration	802,217	872,238	(70,022)
309 Capital Project Management and Environmental Sustainability	127,148	133,023	(5,875)

Fund 35 - General Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
310 Land Development - Engineering Services	1,026,147	865,615	160,531
Total Public Works	17,707,684	16,701,080	1,006,603
Total Operating Programs	118,926,682	116,291,180	2,635,501
Non-Departmental			
Recurring Expenditures:			
Transfers Out:			
7900 Capital Projects Fund-General Assets	2,790,152	192,050	2,598,102
7900 Community Recreation Fund - Leisure Services	4,471,833	4,474,318	(2,485)
7900 General Services Fund - Proj Mgmt Serv	191,945	188,601	3,344
7900 General Services Fund Tech & Communication Services	23,772	23,772	-
7900 Infrastructure Fund - General Assets	1,386,355	686,847	699,508
7900 Liability and Property Insurance Fund	643,588	643,588	-
7900 Youth and Neighborhood Services Fund	532,100	532,100	-
Total Transfers Out	10,039,745	6,741,276	3,298,470
7900 1998 ABAG COP	-	102	(102)
Total Debt Service	-	102	(102)
7900 Lease Payments to RDA for Parking Structure	1,106,475	1,206,475	(100,000)
7900 Payment to RDA for Public Parking Easement*	1,654,622	1,237,951	416,671
Total Lease Payments	2,761,097	2,444,426	316,671
Total Recurring Non-Departmental Expenditures	12,800,842	9,185,804	3,615,039
Total Non-Departmental	12,800,842	9,185,804	3,615,039

* This amount is an accrued expenditure based on the current 2010 ADDOPA. These funds have not actually been paid and are subject to amendments to the 2010 ADDOPA.

Projects

803700 Leadership Sunnyvale [GF]	6,000	6,000	-
804201 City-wide Aerial Photos	60,000	19,587	40,413
805150 Library Foundation Program Grant	242,854	(6,808)	249,662
809901 Government Access Programming	119,099	-	119,099
820570 Minor Building Modifications	2,073	2,073	-
820610 Downtown Area Maintenance	62,048	33,357	28,691
821010 City Owned Properties - Downtown	10,000	10,804	(804)
821350 AVASA Equipment Acquisition	18,209	18,209	-
823500 Junior Achievement Sunnyvale [GF]	3,075	3,075	-
824351 The Health Trust - Meals on Wheels (GF)	8,520	8,520	-
824940 Murphy Avenue Tree Lights Maintenance	2,196	-	2,196
825570 239 - 241 Commercial Street Property Maintenance	5,000	21,373	(16,373)
825700 General Plan Updates	19,769	226	19,543
825970 Downtown Underground Parking Insurance	8,823	8,823	-
826240 FY 10-11 #10 Recruitment and Training for Sworn Officers	728,082	728,082	-
826552 Onizuka AFS BRAC- EDC Application and Business Plan	271,434	205,145	66,289
826620 Town Center Construction - Public Works Services	233,350	40,175	193,175
827230 Second Harvest Food Bank - Operation Brown Bag [GF]	5,134	5,134	-
827260 OTS Grant-Hand Held Ticket Writer Tech	-	(667)	667
827350 State 911 Enhancement Funding Project	16,000	10,068	5,932
827360 State 911 GIS Technology Funding Project	22,695	9,472	13,223
827390 Department Operational Efficiency & Optimum Staffing Studies	50,000	-	50,000
827400 Implement CalEPA Aboveground Petroleum Storage Act	16,509	3,547	12,962
827420 Urban Forestry Management Plan	2,518	2,518	-
827700 Electronic Records Management System	100,000	-	100,000
827710 Catholic Charities Hsng. Search & Stabilization Svcs. [GF]	5,134	5,134	-
827770 Senior Housing Solutions [GF]	9,025	9,025	-
827790 Senior Adult Legal Assistance (SALA) [GF]	3,940	3,940	-
827890 CPR Anytime Training to Sunnyvale High School Youth	1,132	-	1,132
827970 History Museum Utility Reimbursement	4,000	4,000	-
828000 "Avoid the 13" DUI Enforcement Campaign	7,940	4,382	3,558
828080 Emergency Management Preparedness Grant - EMPG FY 09/10	25,160	14,336	10,823
828440 Catholic Charities: Day Break III	5,853	5,853	-

Fund 35 - General Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
828451 MayView Community Health Center	10,644	10,644	-
828461 Santa Clara Family Health Foundation: Healthy Kids (GF)	14,194	14,194	-
828471 West Valley Community Services: Rotating Shelter Program	10,774	10,774	-
828480 Abilities United: Maximizing Independence and Employment	5,258	5,258	-
828630 Climate Action Plan	76,682	68,923	7,759
828640 Acterra Home Energy Audits	37,125	37,125	-
828650 Emergency Management Preparedness Grant - EMPG FY09	368,732	-	368,732
828690 Land Use & Transportation Study	422,194	113,624	308,570
828780 FY 2010 Urban Shield	48,028	48,028	-
828790 2008 State Homeland Security Training Prog: First Responder	1,402	1,402	-
828800 2009 State Homeland Security Training Program Project	148,356	82,193	66,163
828810 New Fees Analysis	27,624	27,624	-
828840 Project Readiness Initiative Program	32,550	25,503	7,047
828850 Library Programming Enhancement	5,000	5,000	-
828860 Laptop Computer for After-School Homework Center	1,950	1,455	495
828870 Downtown Association Jazz Series on Murphy Avenue	8,710	8,710	-
828880 Community Events Grant Funding	12,250	11,750	500
828890 Neighborhood Grants	4,908	4,908	-
828920 Backup Generator for Communication Tower at Corporation Yard	55,000	42,766	12,234
828930 DPS Communication Systems Interoperability Training	3,804	3,804	-
828940 Satterberg Grant Audio/Visual Improvements	9,500	9,500	-
828950 Lawrence Station Area Plan: Phase 1	150,000	139,670	10,330
828990 LSTA Family Place Grant	15,000	13,109	1,891
829000 2010/2011 OTS Sobriety Checkpoints	4,111	2,055	2,056
829210 Raynor Center Assessment	100,000	11,121	88,879
829240 Tobacco Use and Smoking Prevention	76,292	-	76,292
829250 Emergency Management Preparedness Grant - EMPG FY11	21,578	-	21,578
Total Projects	3,747,238	1,874,522	1,872,716
Total Appropriations	136,397,018	128,052,527	8,344,491
Project and Equipment Carryovers	-	2,085,497	(2,085,497)
Deferred Transfers Out	-	3,293,659	(3,293,659)
Total	136,397,018	133,431,683	2,965,335

City of Sunnyvale
Year-end Appropriations Report
Fiscal Year Ending June 30, 2011

Attachment A

Fund 70 - Housing Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Community Development			
235 Housing and CDBG Program	\$ 621,244	\$ 594,208	\$ 27,035
Total Community Development	<u>621,244</u>	<u>594,208</u>	<u>27,035</u>
Total Operating Programs	<u>621,244</u>	<u>594,208</u>	<u>27,035</u>
Non-Departmental			
7900 General Fund	50,265	50,265	-
Total Recurring Non-Departmental Expenditures	<u>50,265</u>	<u>50,265</u>	<u>-</u>
Total Non-Departmental	<u>50,265</u>	<u>50,265</u>	<u>-</u>
Projects			
823750 BMR Compliance Enforcement	79,320	59,320	20,000
825930 City Owned Prpty-Downtown/388 Charles St	4,725	5,676	(951)
826520 Pre-Development Costs-Affordable Housing Sites	20,000	13,481	6,519
826530 County-wide Homeless Count	8,310	8,310	-
828100 First-Time Homebuyer Loans (81-120% AMI)	150,000	17,500	132,500
828822 Infill Infrastructure Grant for Fair Oaks Senior Housing	6,303,508	4,632,297	1,671,211
Total Projects	<u>6,565,863</u>	<u>4,736,584</u>	<u>1,829,279</u>
Total Appropriations	<u>7,237,371</u>	<u>5,381,057</u>	<u>1,856,314</u>
Project Carryovers	-	1,830,230	(1,830,230)
Total	<u>7,237,371</u>	<u>7,211,287</u>	<u>26,085</u>

Fund 71 - HOME Grant Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Community Development			
235 Housing and CDBG Program	\$ 96,439	\$ 96,316	\$ 123
Total Community Development	<u>96,439</u>	<u>96,316</u>	<u>123</u>
Total Operating Programs	<u>96,439</u>	<u>96,316</u>	<u>123</u>
Non-Departmental			
7900 General Fund	8,622	7,216	1,406
Total Non-Departmental	<u>8,622</u>	<u>7,216</u>	<u>1,406</u>
Projects			
828120 First-Time Homebuyer Loans (up to 80% AMI)	200,000	132,465	67,535
828530 Aster Park Rehabilitation	1,300,000	1,170,000	130,000
828700 Momentum for Mental Health: Rehab (HOME)	112,358	112,358	-
828750 Tenant Based Rental Assistance (HOME)	350,000	43,750	306,250
Total Projects	<u>1,962,358</u>	<u>1,458,573</u>	<u>503,785</u>
Total Appropriations	<u>2,067,419</u>	<u>1,562,106</u>	<u>505,314</u>
Project Carryovers	-	503,785	(503,785)
Total	<u>2,067,419</u>	<u>2,065,891</u>	<u>1,529</u>

Fund 110 - Community Development Block Grant Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Community Development			
235 Housing and CDBG Program	\$ 495,454	\$ 472,051	\$ 23,403
Total Community Development	<u>495,454</u>	<u>472,051</u>	<u>23,403</u>
Total Operating Programs	<u>495,454</u>	<u>472,051</u>	<u>23,403</u>
Non-Departmental			
7900 General Fund	44,293	32,960	11,333
Total Non-Departmental	<u>44,293</u>	<u>32,960</u>	<u>11,333</u>
Projects			
800851 Support Network for Battered Women (SNBW)	18,842	18,842	-
803501 CDBG Housing Rehabilitation Revolving Loan Fund	393,367	393,367	-
803601 Sunnyvale Community Services	77,019	77,019	-
Catholic Charities - Long Term Care Ombudsman			
804751 Program	18,775	18,775	-
811351 First United Methodist Church - Senior Nutrition Program	20,432	20,432	-
Home Access, Paint, Emergency Repair, and Energy-			
812701 Efficiency	56,255	56,255	-
820631 ADA Curb Retrofit and CDBG Sidewalk Replacement	567,360	384,718	182,642
822911 Columbia Neighborhood Center Facility Expansion	847,539	536,329	311,210
824370 Friends for Youth - Mentoring	10,913	10,913	-
825870 Live Oak Adult Day Services	12,639	12,639	-
825920 Bill Wilson Center	15,864	15,864	-
827200 Outreach and Transportation Assistance for Seniors	17,702	17,702	-
827211 EHC Life Builders: Sunnyvale HOMES program	24,461	24,461	-
827221 Family & Children's Services-Columbia Center	23,777	23,777	-
827791 Senior Adult Legal Assistance (SALA)	2,896	2,896	-
828130 Homelessness Prevention	5,994	5,748	246
828500 Orchard Gardens Neighborhood Traffic Calming	68,007	68,007	-
828710 Energy Efficiency Retrofits/Renewable Energy Program	4,705	4,705	-
828740 Micro-Enterprise Assistance	123,673	33,673	90,000
828830 Homestead Park	577,300	-	577,300
Total Projects	<u>2,887,518</u>	<u>1,726,120</u>	<u>1,161,398</u>
Total Appropriations	<u>3,427,265</u>	<u>2,231,131</u>	<u>1,196,134</u>
Project Carryovers	-	1,161,152	(1,161,152)
Total	<u>3,427,265</u>	<u>3,392,283</u>	<u>34,982</u>

Fund 141 - Park Dedication Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Non-Departmental			
7900 Capital Projects Fund - General Assets	\$ 2,601,726	\$ 1,523,763	\$ 1,077,962
7900 Infrastructure Fund - Community Recreation Assets	113,575	11,921	101,654
7900 Infrastructure Fund - General Assets	2,539,508	337,338	2,202,170
7900 Infrastructure Fund - Project Management Services	177,241	272,955	(95,714)
Total Non-Departmental	5,432,050	2,145,977	3,286,073
Projects			
821001 City Owned Properties - Adjacent to Parks	15,000	14,207	793
Total Projects	15,000	14,207	793
Total Appropriations	5,447,050	2,160,184	3,286,866
Project Carryovers	-	793	(793)
Deferred Transfers Out	-	2,621,162	(2,621,162)
Total	5,447,050	4,782,139	664,910

Fund 175 - Asset Forfeiture Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Public Safety			
471 Police Services	\$ 2,100	\$ 2,176	\$ (76)
Total Public Safety	<u>2,100</u>	<u>2,176</u>	<u>(76)</u>
Total Operating Programs	<u>2,100</u>	<u>2,176</u>	<u>(76)</u>
Non-Departmental			
7900 General Fund - General	89,000	92,600	(3,600)
Total Non-Departmental	<u>89,000</u>	<u>92,600</u>	<u>(3,600)</u>
Projects			
819840 Police Services Equipment Acquisition	48,779	27,779	21,000
828150 Police Services Equipment - Cell Phones	48,000	48,000	-
Total Projects	<u>96,779</u>	<u>75,779</u>	<u>21,000</u>
Total Appropriations	<u>187,879</u>	<u>170,555</u>	<u>17,324</u>
Project Carryovers	-	21,000	(21,000)
Total	<u>187,879</u>	<u>191,555</u>	<u>(3,676)</u>

Fund 190 - Police Services Augmentation Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Programs			
Public Safety			
471 Police Services	\$ 235,074	\$ 219,028	\$ 16,046
Total Public Safety	<u>235,074</u>	<u>219,028</u>	<u>16,046</u>
Total Operating Programs	<u>235,074</u>	<u>219,028</u>	<u>16,046</u>
Total Appropriations	<u>235,074</u>	<u>219,028</u>	<u>16,046</u>
Total	<u>235,074</u>	<u>219,028</u>	<u>16,046</u>

Fund 210 - Employment Development Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Programs			
Employment Development			
510 Employment Development Employment Services Provided to Workforce	\$ 13,435,572	\$ 11,960,225	\$ 1,475,348
536 Investment Act (WIA) Enrolled Participants	-	1,878	(1,878)
537 Business Services	-	210	(210)
Total Employment Development	<u>13,435,572</u>	<u>11,962,312</u>	<u>1,473,260</u>
Total Operating Programs	<u>13,435,572</u>	<u>11,962,312</u>	<u>1,473,260</u>
Non-Departmental			
7900 General Fund - General	426,850	380,402	46,448
Total Non-Departmental	<u>426,850</u>	<u>380,402</u>	<u>46,448</u>
Total Appropriations	<u>13,862,422</u>	<u>12,342,714</u>	<u>1,519,709</u>
Total	<u>13,862,422</u>	<u>12,342,714</u>	<u>1,519,709</u>

City of Sunnyvale
Year-end Appropriations Report
Fiscal Year Ending June 30, 2011

Attachment A

Fund 245 - Parking District Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Public Works			
256 Downtown Parking Lot Maintenance	\$ 63,812	\$ 61,270	\$ 2,542
267 Neighborhood Parks and Open Space Management	77,119	53,105	24,014
310 Land Development - Engineering Services	3,904	5,523	(1,619)
Total Public Works	<u>144,834</u>	<u>119,898</u>	<u>24,936</u>
Total Operating Programs	<u>144,834</u>	<u>119,898</u>	<u>24,936</u>
Non-Departmental			
7900 General Fund - General	12,584	12,584	-
Total Non-Departmental	<u>12,584</u>	<u>12,584</u>	<u>-</u>
Projects			
824700 Downtown Parking Maintenance Assessment	5,530	5,530	-
Total Projects	<u>5,530</u>	<u>5,530</u>	<u>-</u>
Total Appropriations	<u>162,948</u>	<u>138,012</u>	<u>24,936</u>
Total	<u>162,948</u>	<u>138,012</u>	<u>24,936</u>

Fund 280 & 281 - Gas Tax Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Program			
Public Works			
Pavement, Traffic Signs and Markings, Street Sweeping, 120 Street Lights, and Roadside Easements	\$ 2,119,653	\$ 1,902,182	\$ 217,471
Total Public Works	<u>2,119,653</u>	<u>1,902,182</u>	<u>217,471</u>
Total Operating Programs	<u>2,119,653</u>	<u>1,902,182</u>	<u>217,471</u>
Non-Departmental			
7900 General Services Fund - Project Management Service	15,244	10,213	5,031
7900 Capital Projects Fund - Gas Tax Funded	3,364,277	977,636	2,386,641
7900 Infrastructure Fund - General Assets	1,416,942	198,598	1,218,344
Total Non-Departmental	<u>4,796,463</u>	<u>1,186,448</u>	<u>3,610,015</u>
Projects			
802500 City Share of Development Costs - Streets	10,000	-	10,000
816050 Minor Repair of City Bridges and Culverts	7,000	7,000	-
827680 Mathilda Avenue Caltrain Overpass Parking Access	50,000	-	50,000
Total Projects	<u>67,000</u>	<u>7,000</u>	<u>60,000</u>
Total Appropriations	<u>6,983,116</u>	<u>3,095,630</u>	<u>3,887,486</u>
Project Carryovers	-	60,000	(60,000)
Deferred Transfers Out	-	3,605,211	(3,605,211)
Total	<u>6,983,116</u>	<u>6,760,841</u>	<u>222,275</u>

Fund 285 - Transportation Development Act (TDA) Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Non-Departmental			
7900 Capital Projects Fund - General Assets	\$ 401,494	\$ 135,294	\$ 266,200
Total Non-Departmental	<u>401,494</u>	<u>135,294</u>	<u>266,200</u>
Total Appropriations	<u>401,494</u>	<u>135,294</u>	<u>266,200</u>
Deferred Transfers Out	-	266,200	(266,200)
Total	<u>401,494</u>	<u>401,494</u>	<u>-</u>

Fund 295 - Youth and Neighborhood Services Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Programs			
Library and Community Services			
527 Youth and Family Services	\$ 741,650	\$ 588,159	\$ 153,491
Total City Manager	<u>741,650</u>	<u>588,159</u>	<u>153,491</u>
Total Operating Programs	<u>741,650</u>	<u>588,159</u>	<u>153,491</u>
Total Appropriations	<u>741,650</u>	<u>588,159</u>	<u>153,491</u>
Total	<u>741,650</u>	<u>588,159</u>	<u>153,491</u>

Fund 315 - Redevelopment Agency Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Finance			
705 Financial Management and Analysis	\$ 149,086	\$ 158,508	\$ (9,422)
Total Finance	<u>149,086</u>	<u>158,508</u>	<u>(9,422)</u>
City Attorney			
750 Comprehensive Legal Services	187,379	111,110	76,269
Total City Attorney	<u>187,379</u>	<u>111,110</u>	<u>76,269</u>
799 Non-Programatic	6,868,731	10,068,902	(3,200,171)
Total Operating Programs	<u>7,205,196</u>	<u>10,338,520</u>	<u>(3,133,324)</u>
Non-Departmental			
7900 General Fund - General	22,992	22,992	-
7900 1998 RDA Parking COP	-	2,730	(2,730)
7900 1992 RDA Central Core Project Bonds	609,436	607,424	2,012
Total Non-Departmental	<u>632,428</u>	<u>633,146</u>	<u>(718)</u>
Projects			
824570 Outside Counsel Services for RDA	16,506	10,166	6,340
826700 Town Center Site Investigation/Remediation of Hazmat	615,256	284,796	330,460
828520 Town Center/ Target Public Improvements	470,016	397,374	72,641
Total Projects	<u>1,101,777</u>	<u>692,336</u>	<u>409,442</u>
Total Appropriations	<u>8,939,402</u>	<u>11,664,002</u>	<u>(2,724,600)</u>
Project Carryovers	-	409,441	(409,441)
Total	<u>8,939,402</u>	<u>12,073,443</u>	<u>(3,134,041)</u>

Fund 330 - Governmental Funds - City Debt Service

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Debt Service			
010810 ABAG 39	\$ -	\$ 671,987	\$ (671,987)
011550 2001 Government Center COP Debt Service	1,062,638	-	1,062,638
011551 2009 Government Center COP Debt Service	-	693,710	(693,710)
Total Debt Service	<u>1,062,638</u>	<u>1,365,697</u>	<u>(303,059)</u>
Total Appropriations	<u>1,062,638</u>	<u>1,365,697</u>	<u>(303,059)</u>
Total	<u>1,062,638</u>	<u>1,365,697</u>	<u>(303,059)</u>

Fund 335 - Redevelopment Agency Debt Service Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Debt Service			
011900 2003 Central Core Tax Allocation Bonds	\$ 609,436	\$ 609,461	\$ (25)
010510 1998 Parking Lease COPs	1,206,475	1,209,205	(2,730)
Total Debt Service	<u>1,815,911</u>	<u>1,818,666</u>	<u>(2,755)</u>

Fund 385 - Capital Projects Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Non-Departmental			
7900 General Fund - General	\$ 12,094	\$ 12,094	\$ -
7900 Capital Projects Fund - Gas Tax Funded	93,527	22	93,505
7900 Capital Projects Fund - General Assets	2,151,152	201,841	1,949,311
7900 General Services Fund - Project Management Services	12,761	9,242	3,519
7900 Infrastructure Fund - General Assets	1,640,187	854,228	785,959
Total Non-Departmental	3,909,721	1,077,427	2,832,294
Projects			
Subfund 100 - General Assets			
808352 Morse Avenue Neighborhood Park Development	1,344,042	349,131	994,911
825511 Roadway Rehabilitation on Various Streets - Phase II	198,226	198,226	-
825610 Fair Oaks Avenue Overhead Bridge	940,000	9,417	930,583
826570 Tasman/Fair Oaks Area Streetscape and Sense of Place	585,595	68,162	517,433
826730 Underground Overhead Utilities	184,557	445	184,112
826780 Downtown-Related Construction Mitigation	21,134	506	20,628
826790 Sunnyvale Avenue Median from Iowa to Washington	750,000	-	750,000
826800 Downtown Wayfinding and Gateways	838,170	-	838,170
826810 Downtown Murphy Avenue Streetscape Revitalization	250,000	197,214	52,786
826820 Town Center Traffic Signal Modifications	744,914	-	744,914
827171 Sunnyvale Golf Course Continuous Cart Paths	1,174,654	1,174,633	21
828161 Residential and School Area Sidewalks	927,000	18,269	908,731
828590 Mary Avenue Street Space Allocation Study	181,887	121,110	60,777
828600 Borregas Avenue Bicycle Lanes	104,263	62,351	41,913
828610 Concrete Reconstruction	900,606	-	900,606
828620 Light Emitting Diode (LED) Streetlight Retrofit	1,141,861	194,904	946,957
828670 Downtown Streetscape Improvements	1,875,000	191,174	1,683,826
828900 Hendy Avenue Complete Street Project	2,750,000	7,236	2,742,764
828910 Sunnyvale Avenue/Old San Francisco Road Left Turn Project	750,000	6,195	743,805
829010 Sunnyvale East Channel Trail (JWC Greenbelt to Tasman Drive)	675,795	-	675,795
829200 Stevens Creek Trail Feasibility Study	67,205	-	67,205
829260 Mary Avenue Extension Design	3,725,000	-	3,725,000
829270 Remington Drive/Bernardo Ave Traffic Signal	731,200	-	731,200
Total Subfund 100 - General Assets	20,861,108	2,598,971	18,262,138
Project Carryovers	-	18,262,116	(18,262,116)
Total Subfund 100 - General Assets	20,861,108	20,861,087	21
Subfund 600 - Gas Tax			
821870 Borregas Avenue Bicycle Corridor	22	22	-
822710 Mathilda Avenue Railroad Overpass Improvements	30,302,368	9,985,523	20,316,846
826830 Sunnyvale Ave. at Arques Ave. ADA Modifications	4,533	4,533	-
826850 Calabazas Creek Bridge at Old Mt. View-Alviso Rd	3,456,000	5,118	3,450,882
Total Subfund 600 - Gas Tax	33,762,923	9,995,196	23,767,728
Project Carryovers	-	23,767,750	(23,767,750)
Total Subfund 600 - Gas Tax	33,762,923	33,762,946	(22)
Subfund 950 - Traffic Mitigation Projects			
816000 Future Traffic Signal Construction/Modification	746,537	28,957	717,580

Fund 385 - Capital Projects Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
827630 Safe Routes to Schools City-wide Projects	55,381	14,052	41,329
Total Subfund 950 - Traffic Mitigation Projects	<u>801,918</u>	<u>43,009</u>	<u>758,909</u>
Project Carryovers	-	758,909	(758,909)
Total Subfund 950 - Traffic Mitigation Projects	<u>801,918</u>	<u>801,918</u>	<u>-</u>
Subfund 960 - Transportation Impact Fees			
826890 Mathilda/SR 237/US 101 Interchange Improvements Study Report	500,000	-	500,000
826900 Washington Avenue/Mathilda Avenue Intersection Widening	336,814	-	336,814
Total Subfund 960 - Transportation Impact	<u>836,814</u>	<u>-</u>	<u>836,814</u>
Project Carryovers	-	836,814	(836,814)
Total Subfund 960 - Transportation Impact	<u>836,814</u>	<u>836,814</u>	<u>-</u>
Subfund 980 - Capital Projects Fund/Prop 1B Transportation Bond Local Streets And Roads Sub-Fund			
828180 Homestead Road Pavement Overlay	950,974	925,974	25,000
828570 Sunnyvale Avenue Rehabilitation from Arques to Hazelton	417,510	299,865	117,645
825621 Wolfe Road Caltrain Overcrossing	4,039	4,039	-
Total Subfund 980	<u>1,372,523</u>	<u>1,229,878</u>	<u>142,645</u>
Project Carryovers	-	142,645	(142,645)
Total Subfund 980 - Transportation Impact	<u>1,372,523</u>	<u>1,372,523</u>	<u>-</u>
Total Projects	<u>57,635,287</u>	<u>13,867,054</u>	<u>43,768,233</u>
Total Appropriations	<u>61,545,008</u>	<u>14,944,481</u>	<u>46,600,527</u>
Total Project Carryovers	-	43,768,234	(43,768,234)
Total Deferred Transfers Out	-	2,826,298	(2,826,298)
Total	<u>61,545,008</u>	<u>61,539,012</u>	<u>5,995</u>

Fund 460 - Water Supply and Distribution Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Debt Service			
011703 Water Bonds 2001 Series A	\$ 1,657,964	\$ 1,657,964	\$ -
011603 Government Center COP	78,635	60,210	18,425
Total Debt Service	1,736,599	1,718,175	18,425
Operating Programs			
Environmental Services			
360 Water Resources	20,950,078	20,482,541	467,537
7900 Loan Repayment to General Fund	351,700	351,700	-
Total Environmental Services	21,301,778	20,834,241	467,537
Total Operating Programs	21,301,778	20,834,241	467,537
Non-Departmental			
7900 General Services Fund - Project Management Services	438,555	542,733	(104,178)
7900 General Fund - General	2,549,553	2,452,965	96,588
7900 Infrastructure Fund - General Assets	3,760	619	3,141
7900 Liability and Property Insurance Fund	138,831	138,831	-
7900 General Services Fund - Fleet Services	278,969	278,969	-
Total Non-Departmental	3,409,668	3,414,118	(4,450)
Projects			
806351 Water Meters and Flow Devices for New Developments	6,847	6,847	-
815203 Replacement of Water/Sewer Supervisory Control System	1,469,430	-	1,469,430
819771 Utility Maintenance Management System	202,234	110,557	91,677
824281 Leak Detection Program	42,011	42,011	-
824291 Water Cost of Service Study	3,651	3,651	-
824311 Refurbishment of Water Tanks at Wright Avenue	316,382	316,382	-
Equipment Replacement at Six (6) Hetch-Hetchy			
825241 Connections	204,248	104,914	99,335
825251 Mary/Carson Water Plant Mechanical Reconstructions	156,953	-	156,953
825301 Pressure Reducing Valve Replacement & Relocation for SCADA	119,212	44	119,168
825391 Wolfe/Evelyn Plant Mechanical Reconstruction	1,047,358	-	1,047,358
Hamilton Plant Emergency Generator & Mechanical			
825411 Reconst	126,085	152,581	(26,496)
825431 Well Connections to Transmission Main	65,460	36,889	28,571
825451 City-wide Water Line Replacement	1,251,222	1,240,886	10,336
825461 Interior Coating of Water Tanks	1,202,825	693,207	509,617
825491 Exterior Painting of Water Tanks	558,942	-	558,942
825501 Wright Ave Water Plant Mechanical Reconstruction	108,243	197	108,046
826960 Water Utility Master Plan	4,736	4,736	-
827180 Automation of Water Meter Reading	151,540	66,611	84,930
828190 Encinal and Fair Oaks Parks Recycled Water Conversion	50,000	23,558	26,442
828490 Electronic Utility Bill Presentment and Payment	5,000	5,000	-
828970 Raynor Well Rehabilitation	750,000	142,162	607,838
Total Projects	7,842,378	2,950,233	4,892,145
Total Appropriations	34,290,424	28,916,767	5,373,657

Fund 460 - Water Supply and Distribution Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Project Carryovers	-	4,890,071	(4,890,071)
Total Deferred Transfers Out	-	102,963	(102,963)
Total	<u>34,290,424</u>	<u>33,909,801</u>	<u>380,623</u>

Fund 465 - Wastewater Management Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Debt Service			
011706 2010 Wastewater Revenue Bonds	\$ 2,857,956	\$ 2,857,956	\$ -
011604 Government Center COP	53,982	41,334	12,648
Total Debt Service	2,911,938	2,899,290	12,648
Operating Programs			
Environmental Services			
361 Storm Water Collection System	362,196	296,411	65,785
362 Sanitary Sewer Collection System	1,612,265	1,623,914	(11,649)
365 Wastewater Management	11,573,733	10,684,395	889,338
799 Non-Programmatic	1,692,030	1,692,030	-
Total Environmental Services	15,240,224	14,296,749	943,474
City Attorney			
750 Comprehensive Legal Services	30,000	5,276	24,724
Total City Attorney	30,000	5,276	24,724
Total Operating Programs	15,270,224	14,302,025	968,198
Non-Departmental			
7900 General Services Fund - Project Management Services	586,441	716,616	(130,175)
7900 General Fund - General	2,583,066	2,486,478	96,588
7900 Infrastructure Fund - General Assets	52,754	958	51,796
7900 Liability and Property Insurance Fund	206,598	206,598	-
7900 Capital Projects Fund - General Assets	267,000	2,764	264,236
7900 Utilities Fund - Refuse	50,000	5,269	44,731
7900 Utilities Fund - Water	2,143	2,143	-
Total Non-Departmental	3,748,002	3,420,826	327,176
Equipment			
20201 Wastewater Equipment	199,081	199,081	-
Total Equipment	199,081	199,081	-
Projects			
804703 Storm Drain Pipes, Manholes, and Laterals Replacement	12,651	12,645	6
805253 Sewer Pipes, Manholes, and Laterals Emergency Replacement	19,804	19,804	-
822762 Storm Pump Station Number 2 Rehabilitation	400,000	14,861	385,139
822802 Storm Sewer Extension - Taylor Avenue	1,601	1,601	-
822812 Storm Sewer Extension - McKinley Avenue	86,445	86,445	-
822822 Storm Sewer Extension - Washington Avenue	259,918	259,918	-
824301 Rehabilitation of Digesters	3,669,511	1,065,428	2,604,083
824771 Primary Sedimentation Basin Renovation Design	2,550,000	-	2,550,000
825141 Air Floatation Tanks Rehabilitation	1,855,235	48,010	1,807,225
825321 Replacement/Rehabilitation of Sanitary Manholes	104,041	2,012	102,029
825331 Replacement/Rehabilitation of Sewer Pipes	1,856,955	1,353,179	503,776
825521 Pond Sediment Removal	2,814,983	20,842	2,794,141
825751 Sewer Lift Stations Rebuild	70,000	37,257	32,743
825961 SCVURPPP Contracting and Fiscal Agent	-	13,881	(13,881)
827010 Water Pollution Control Plant Primary Roof Replacement	1,081	0	1,081
827020 Emergency Bypass Pumping	171,597	17,815	153,782

Fund 465 - Wastewater Management Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
827030 WPCP Strategic Infrastructure Plan	212,884	128,127	84,757
827050 Sanitary Sewer Collection System Master Plan	150,000	-	150,000
827060 Sulfur Dioxide (SO2) Equipment Replacement	397,122	352,665	44,457
828200 Parks Ornamental Pond Overflow Connection To Sanitary Sewer	200,000	14,870	185,130
828210 Pretreatment Handheld Data Entry Device Project	96,778	-	96,778
828220 Storm Drain Marking	4	4	-
828230 WPCP Power Monitoring	751	751	-
828240 Replacement of Temporary Buildings at the WPCP	184,000	89,973	94,027
828960 Mode 1 Study	118,323	32,652	85,671
Total Projects	15,233,683	3,572,740	11,660,943
Total Appropriations	37,362,928	24,393,962	12,968,966
Project Carryovers	-	11,590,061	(11,590,061)
Deferred Transfers Out	-	462,728	(462,728)
Total	37,362,928	36,446,751	916,177

Fund 485 - Solid Waste Management Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Debt Service			
011605 2001 Government Center COP Dbt Srv Fund	\$ 79,910	\$ 61,187	\$ 18,723
011803 SV Share of Solid Waste Revenue	1,627,655	1,575,057	52,598
Total Debt Service	1,707,565	1,636,244	71,321
Operating Programs			
Environmental Services			
323 Solid Waste Management	-	7,907	(7,907)
363 Solid Waste Management	30,182,322	30,651,556	(469,234)
799 Non-Programmatic	603,576	603,576	-
Total Environmental Services	30,785,898	31,263,039	(477,141)
City Attorney			
750 Comprehensive Legal Services	1,030	-	1,030
Total City Attorney	1,030	-	1,030
Total Operating Programs	30,786,928	31,263,039	(476,111)
Non-Departmental			
7900 General Services Fund - Project Management Services	13,261	12,166	1,095
7900 General Fund - General	2,479,997	2,479,997	-
7900 Infrastructure Fund - General Assets	412	190	222
7900 Liability and Property Insurance Fund	7,438	7,438	-
7900 Utilities Fund - Water	2,857	2,857	-
Total Non-Departmental	2,503,965	2,502,648	1,317
Projects			
801351 Sunnyvale Contribution to SMaRT Station Equipment Rep. Fund	171,368	171,368	-
824251 Landfill Gas System Response to New Regulations	49,497	12,735	36,762
825121 SMaRT Station Office Addition	300,000	-	300,000
825911 Landfill Gas Flare and Blowers Replacement	288,472	28,720	259,752
828050 JPA for Countywide Recycling and Source Reduction Program	50,000	-	50,000
828250 Zero Waste-Waste Characterization Study and Strategic Plan	139,650	53,613	86,038
828980 CEQA for Single-Use Bag Ordinance	100,000	10,538	89,462
Total Projects	1,098,987	276,974	822,013
Total Appropriations	36,097,445	35,678,905	418,540
Project Carryovers	-	822,013	(822,013)
Deferred Transfers Out	-	222	(222)
Total	36,097,445	36,501,140	(403,695)

City of Sunnyvale
 Year-end Appropriations Report
 Fiscal Year Ending June 30, 2011

Attachment A

Fund 490 - SMaRT Station Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Debt Service			
11801 Solid Waste Bonds Series 2003	\$ 1,945,350	\$ 1,947,550	\$ (2,200)
11805 Solid Waste Bonds Series 2007	760,977	762,627	(1,650)
Total Debt Service	2,706,327	2,710,177	(3,850)
Operating Programs			
Environmental Services			
364 SMaRT Station	27,035,232	28,120,454	(1,085,222)
Total Environmental Services	27,035,232	28,120,454	(1,085,222)
750 Comprehensive Legal Services	5,762	743	5,019
Total City Attorney	5,762	743	5,019
Total Operating Programs	27,040,994	28,121,197	(1,080,203)
Projects			
811250 SMaRT Station Equipment Replacement	1,926,446	702,689	1,223,757
Total Projects	1,926,446	702,689	1,223,757
Total Appropriations	31,673,767	31,534,063	139,704
Project Carryovers	-	1,223,757	(1,223,757)
Total	31,673,767	32,757,821	(1,084,053)

Fund 525 - Community Recreation Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Community Services			
647 Golf Course Operations	\$ 3,439,875	\$ 3,433,101	\$ 6,774
648 Arts and Recreation Programs and Operation of Recreation Facilities	8,418,340	7,936,031	482,309
Total Community Services	<u>11,858,215</u>	<u>11,369,132</u>	<u>489,083</u>
Total Operating Programs	<u>11,858,215</u>	<u>11,369,132</u>	<u>489,083</u>
Non-Departmental			
7900 General Fund - General	1,007,202	1,007,202	-
Total Non-Departmental	<u>1,007,202</u>	<u>1,007,202</u>	<u>-</u>
Equipment			
20801 Recreation Equipment	10,770	10,770	-
Total Equipment	<u>10,770</u>	<u>10,770</u>	<u>-</u>
Projects			
828680 Active Start Program	18,471	12,736	5,735
Total Projects	<u>18,471</u>	<u>12,736</u>	<u>5,735</u>
Total Appropriations	<u>12,894,658</u>	<u>12,399,840</u>	<u>494,818</u>
Project/Equipment Carryovers	-	5,735	(5,735)
Total	<u>12,894,658</u>	<u>12,405,575</u>	<u>489,083</u>

City of Sunnyvale
Year-end Appropriations Report
Fiscal Year Ending June 30, 2011

Attachment A

Fund 595 - General Services Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Equipment			
20600 Furniture	\$ 57,979	\$ 32,593	\$ 25,386
20700 Fleet Equipment	1,940,048	1,914,588	25,460
21600 Information Processing Hardware	892,700	490,198	402,503
21601 Information Processing Software/ HR/Payroll System	1,266,524	445,899	820,625
21603 Communications and Office Equipment	593,617	483,973	109,644
21604 Telecommunications Equipment	35,943	10,250	25,692
21605 Office Equipment	28,970	28,970	-
21608 Telecom Franchise Equipment	3,888	278	3,610
21610 KSUN Equipment	227,314	-	227,314
21612 Payroll HRIS	256,918	165,873	91,045
Total Equipment	5,303,902	3,572,622	1,731,280
Operating Programs			
Finance			
706 Accounting and Financial Services	62,427	37,341	25,086
Total Finance	62,427	37,341	25,086
Information Technology			
746 Software Application Services and Support	2,266,719	2,333,379	(66,660)
747 IT Infrastructure Services and Support	2,428,580	2,442,955	(14,375)
749 Information Technology Department Management and Support Services	1,449,551	1,031,790	417,761
Total Information Technology	6,144,849	5,808,124	336,725
City Manager			
709 Facilities Services	3,765,770	3,589,505	176,265
748 Print, Copy, Binder and Mail Services and Support	683,963	506,305	177,659
763 Provision of Vehicles and Motorized Equipment	2,732,416	2,735,648	(3,232)
Total City Manager	7,182,149	6,831,458	350,691
Public Works			
309 Capital Project Management and Environmental Sustainability	1,943,176	1,961,457	(18,281)
Total Public Works	1,943,176	1,961,457	(18,281)
799 Non-Programmatic	745,975	745,975	-
Total Operating Programs	16,078,576	15,384,355	694,221
Non-Departmental			
7900 General Fund - General	152,503	152,503	-
7900 Infrastructure Fund - General Assets	50,811	6,684	44,127
7900 Sunnyvale Office Center	101,622	101,622	-
7900 2009 Government Center COP	850,111	650,924	199,187
Total Non-Departmental	1,155,047	911,733	243,314

City of Sunnyvale
 Year-end Appropriations Report
 Fiscal Year Ending June 30, 2011

Attachment A

Fund 595 - General Services Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Projects			
824980 Sunnyvale Office Center Site Improvements	3,062	3,062	-
825400 Update of Standard Specifications	20,000	7,062	12,938
825900 Information Technology Investment Account	53,646	-	53,646
Total Projects	76,708	10,124	66,584
Total Appropriations	22,614,233	19,878,834	2,735,398
Project/Equipment Carryovers	-	1,797,865	(1,797,865)
Deferred Transfers Out	-	44,127	(44,127)
Total	22,614,233	21,720,827	893,406

Fund 610 - Infrastructure Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Non-Departmental			
7900 General Services Fund - Project Management Service	\$ 164,785	\$ 253,017	\$ (88,232)
7900 Capital Projects Fund - General Assets	231,760	1,080	230,680
Total Non-Departmental	396,545	254,098	142,448
Projects			
Subfund 100 - General Assets			
818100 Public Safety Buildings - Roofs	676,015	312,436	363,579
818450 Community Center Buildings - HVAC	10,000	-	10,000
818550 Park Buildings - Rehabilitation	439,890	11,757	428,133
818700 Corporation Yard Buildings - Rehabilitation	34,979	9,978	25,001
819610 Public Safety Buildings - HVAC	548,339	374,410	173,929
819630 Community Center Buildings - Roof Replacement and Repair	58,342	38,341	20,001
820010 Community Center Buildings - Minor Replacements	62	62	-
820120 Repaint Street Light Poles	140,000	-	140,000
820130 Routine Resurfacing of City Owned Parking Lots	98,048	45,262	52,786
820180 Traffic Signal Controller Replacement	127,874	99,421	28,453
820190 Traffic Signal Hardware & Wiring	776,318	5,169	771,149
820200 Traffic Signal Light Emitting Diode (LED) Array Replacements	31,263	31,263	-
820270 Playground Equipment Replacement	527,979	194,696	333,283
820280 Park Furniture and Fixtures Replacement	60,000	27,367	32,633
821330 Park Buildings - Roof Repair and Replacement	254,419	-	254,419
822080 Fair Oaks Park Hardscape Renovation	30,000	-	30,000
825201 Remodel Community Center Kitchen and Serving Area	28,441	28,441	-
825290 Pavement Rehabilitation	1,651,801	669,552	982,249
825340 Street Lights Conduit Replacement	100,000	24,704	75,296
825740 Battery Backup System for Traffic Signals Maintenance	38,039	38,039	-
825850 Swim Pools Infrastructure	265,802	5,913	259,889
827110 Update of Public Building Long-Range Infrastructure Plan	200,000	-	200,000
827150 Community Center Gas Line Replacement	2,987	2,987	-
828030 Annual Slurry Seal of City Streets	232,962	232,962	-
828280 Library Restroom Upgrades	13,901	14,621	(720)
828290 Repair/Replace Park Parking Lot Drainage & Surfacing	177,331	2,517	174,814
828370 Chemical Storage Washington Pool	3,112	3,112	-
Total Subfund 100 - General Assets	6,527,899	2,173,010	4,354,889
Project Carryovers	-	4,354,889	(4,354,889)
Total Subfund 100 - General Assets	6,527,899	6,527,899	-
Subfund 500 - Golf and Tennis			
820370 Golf Course Parking Lot Resurfacing	7,800	-	7,800
827160 Tennis Center Court Rehabilitation	105,775	11,921	93,854
Total Subfund 500 - Golf and Tennis	113,575	11,921	101,654
Project Carryovers	-	101,654	(101,654)
Total Subfund 500 - Golf and Tennis	113,575	113,575	-
Total Projects	6,641,474	2,184,931	4,456,543
Total Appropriations	7,038,019	2,439,029	4,598,990

Fund 610 - Infrastructure Fund

Description	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Total Project Carryovers	-	4,456,543	(4,456,543)
Total Deferred Transfers Out	-	230,680	(230,680)
Total	<u>7,038,019</u>	<u>7,126,252</u>	<u>(88,233)</u>

Fund 640 - Employee Benefits Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Programs			
Human Resources			
781 Employee Leave Benefits - Leave Earned	\$ 13,443,528	\$ 12,990,798	\$ 452,731
784 Retirement, Insurances, and Taxes	75,606,563	73,432,164	2,174,400
Workers' Compensation Excess Insurance, Cost of Claims, and			
785 Leave Hours Taken	3,265,094	3,123,690	141,404
Total Human Resources	<u>92,315,186</u>	<u>89,546,651</u>	<u>2,768,534</u>
Total Operating Programs	<u>92,315,186</u>	<u>89,546,651</u>	<u>2,768,534</u>
Total Appropriations	<u>92,315,186</u>	<u>89,546,651</u>	<u>2,768,534</u>
Total	<u>92,315,186</u>	<u>89,546,651</u>	<u>2,768,534</u>

Fund 645 - Liability and Property Insurance Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Operating Programs			
City Attorney			
750 Comprehensive Legal Services	\$ 51,500	\$ 157,000	\$ (105,500)
Total City Attorney	<u>51,500</u>	<u>157,000</u>	<u>(105,500)</u>
Human Resources			
754 Human Resources	\$ 123,199	\$ 119,093	\$ 4,107
787 City Liability and Property Insurance and Claim Costs	1,020,974	833,984	186,990
Total Human Resources	<u>1,144,173</u>	<u>953,077</u>	<u>191,096</u>
Total Operating Programs	<u>1,195,673</u>	<u>1,110,077</u>	<u>85,596</u>
Total Appropriations	<u>1,195,673</u>	<u>1,110,077</u>	<u>85,596</u>
Total	<u>1,195,673</u>	<u>1,110,077</u>	<u>85,596</u>

Fund 727 - Fremont Pool Permanent Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Non-Departmental			
7900 Comm Rec Fund - Leisure Services	\$ 18,195	\$ 6,278	\$ 11,917
Total Non-Departmental	<u>18,195</u>	<u>6,278</u>	<u>11,917</u>
Total Appropriations	<u>18,195</u>	<u>6,278</u>	<u>11,917</u>
Total	<u>18,195</u>	<u>6,278</u>	<u>11,917</u>

Fund 730 - Swirsky Youth Opportunity Fund

<u>Description</u>	<u>Current Budget</u>	<u>Actual Expenditures</u>	<u>Variance Favorable (Unfavorable)</u>
Non-Departmental			
7900 Comm Rec Fund - Leisure Services	\$ 11,038	\$ 3,787	\$ 7,251
Total Non-Departmental	<u>11,038</u>	<u>3,787</u>	<u>7,251</u>
Total Appropriations	<u>11,038</u>	<u>3,787</u>	<u>7,251</u>
Total	<u>11,038</u>	<u>3,787</u>	<u>7,251</u>

CITY OF SUNNYVALE
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS
FOR THE YEAR ENDED
JUNE 30, 2011

This Page Left Intentionally Blank

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

For the Year Ended June 30, 2011

Table of Contents

	<u>Page</u>
<i>Memorandum on Internal Control</i>	1
<i>Required Communications</i>	3
Financial Statement Audit Assurance.....	3
Other Information Included with the Audited Financial Statements	3
Accounting Policies	3
Unusual Transactions, Controversial or Emerging Areas	4
Estimates.....	5
Disagreements with Management.....	5
Retention Issues	5
Difficulties.....	5
Audit Adjustments	5
Uncorrected Misstatements	5

This Page Left Intentionally Blank

MEMORANDUM ON INTERNAL CONTROL

November 18, 2011

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, 2011, 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 opinions 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonably possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention to those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of the inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

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

This Page Left Intentionally Blank

REQUIRED COMMUNICATIONS

ACCOUNTANCY CORPORATION
3478 Buskirk Ave. - Suite 215
Pleasant Hill, California 94523
(925) 930-0902 • FAX (925) 930-0135
maze@mazeassociates.com
www.mazeassociates.com

November 18, 2011

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, 2011 and have issued our report thereon dated November 18, 2011. 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 is 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 2011. As described in notes to the financial statements, during the year, the City implemented the following new standard:

- **Governmental Accounting Standard Board (GASB) Statement No. 59 - Financial Instruments Omnibus**

The objective of this Statement is to update and improve existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. This is a technical clean up pronouncement that had no material impact to the financial statements.

CITY OF SUNNYVALE

REQUIRED COMMUNICATIONS

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.

As discussed in Note 17 to the financial statements, the State of California adopted ABx1 26 on June 28, 2011, which suspends all new redevelopment activities except for limited specified activities as of that date and dissolves redevelopment agencies effective October 1, 2011. The State simultaneously adopted ABx1 27 which allows redevelopment agencies to avoid dissolution by the City opting into an “alternative voluntary redevelopment program” requiring specified substantial annual contributions to local schools and special districts. Concurrently with these two measures, the State passed various budget and trailer bills that are related and collectively constitute the Redevelopment Restructuring Acts.

On July 18, 2011, the California Redevelopment Association, the League of California Cities and others challenged the validity and constitutionality of AB1x 26 and 27 to the California Supreme Court on numerous grounds, including that the acts violate certain provisions of the California Constitution. On August 11, 2011, as modified on August 17, 2011, the California Supreme Court agreed to hear the case and issued a partial stay of ABx1 26 and a full stay of ABx1 27, but the stay did not include the section of ABx1 26 that suspends all new redevelopment activities. It is anticipated that the Court will render its decision before January 15, 2012, the date the first voluntary program payment is due.

As of the date of our report, the court has not ruled on the case.

These facts indicate that there is more than a remote possibility the Redevelopment Agency may not continue as a going concern beyond October 1, 2011. The continuation of the Agency beyond October 1, 2011 will initially depend upon whether the Supreme Court rules in favor of the petitioners. There are three possible consequences to the Agency from a decision of the Supreme Court, when it is rendered:

1. If the Supreme Court determines that both AB1x 26 and AB1x 27 are valid, the City will be required to make annual payments to the County Auditor-Controller and the Agency will no longer be subject to the suspension provisions. On September 13, 2011, the City, as the sponsoring community, approved the Continuation Ordinance to keep the Agency in existence and to participate in the Voluntary Program. On September 20, 2011, Sunnyvale City Council adopted a resolution, authorizing the execution of the Agency Transfer Payment Agreement with the City of Sunnyvale pursuant to Part 1.9 of the Redevelopment Law. It is anticipated that the City’s annual remittances will be reimbursed by the Agency from tax increment revenues of the Central Core Project Areas. The State Department of Finance calculated the City’s Voluntary Program payment for fiscal year 2012 to be \$3,650,428, which City staff has reviewed and verified with the source document.
2. If the Supreme Court determines that AB1x 26 is valid, but AB1x 27 is not valid, the Agency will continue to be subject to the suspension provisions and will then be dissolved in accordance with certain provisions of AB1x 26. Prior to dissolution, any transfers of Agency assets subsequent to January 1, 2011 to the City that were not obligated to third parties or encumbered may be subject to the State Controller’s review discussed above and required to be returned to the Agency. Upon dissolution, all assets and obligations of the Agency would be transferred to a successor agency.
3. If the Supreme Court determines that both AB1x 26 and AB1x 27 are invalid, the Agency would no longer be subject to the suspension provisions and would continue in existence under California Redevelopment Law as it existed prior to the enactment of AB1x 26 and AB1x 27.

CITY OF SUNNYVALE

REQUIRED COMMUNICATIONS

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. The most sensitive accounting estimates affecting the financial statements are the fair value of investments, depreciation and compensated absences.

Estimated Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Compensated Absences: Accrued compensated absences, which are comprised of accrued vacation and sick leave, is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year, and are disclosed in the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

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.

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 City's financial reporting process.

Uncorrected Misstatements: Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Council.

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.

More & Associates

