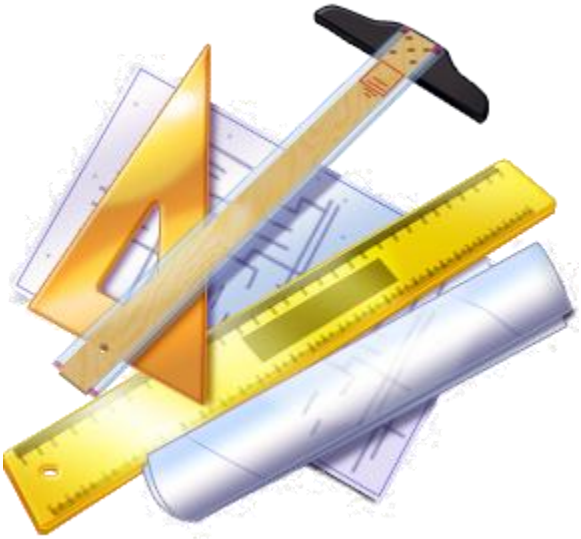
Sunnyvale Financing Authority

Sunnyvale, California



Basic Financial Statements
and Independent Auditors' Reports
For the year ended June 30, 2011

Sunnyvale Financing Authority
Basic Financial Statements
And Independent Auditors' Reports

For The Fiscal Year Ended
June 30, 2011

City of Sunnyvale

650 West Olive Avenue
Sunnyvale, California 94086
(408) 730-7380

Prepared by the Department of Finance
Grace K. Leung, Director of Finance

Table of Contents
June 30, 2011

Page

Independent Auditors' Report 1

Management's Discussion and Analysis 3

Basic Financial Statements:

Government-Wide Financial Statements:
Statement of Net Assets 9
Statement of Activities and Change in Net Assets 10

Fund Financial Statements:
Balance Sheet - Governmental Funds. 12
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets 13
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds 14
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets 15

Notes to Basic Financial Statements 16

MAZE & ASSOCIATES

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

INDEPENDENT AUDITORS' REPORT

To the Members of the Governing Board
of the Sunnyvale Financing Authority
City of Sunnyvale, California

We have audited the accompanying financial statements of the governmental activities and each major fund of the Sunnyvale Financing Authority (Authority), a component unit of the City of Sunnyvale, California, as of and for the fiscal year ended June 30, 2011 as listed in the Table of Contents. These component unit financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly in all material respects the respective financial position of the governmental activities and each major fund of the Authority as of June 30, 2011 and the respective changes in the financial position for the fiscal year then ended, in conformity with generally accepted accounting principles in the United States of America.

Management's Discussion and Analysis is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Maze & Associates

November 18, 2011

Management's Discussion and Analysis

This analysis of the Sunnyvale Financing Authority (Authority) of the City of Sunnyvale's (City) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2011. Please read it in conjunction with the accompanying basic component unit financial statements and the accompanying notes to those component unit financial statements.

A. FINANCIAL HIGHLIGHTS

- At June 30, 2011, the Authority had an insignificant amount of net assets. The Authority receives semi-annual lease payments from the City and makes debt service payments to the fiscal agents when due. The fiscal agents (trustees of bond reserve funds and unspent project funds) handle such transactions for the Authority.

- Other than the funds held by the fiscal agents as security for the bondholders, the Authority's major asset includes lease receivable from the City, which should be sufficient to pay off the outstanding bonds payable in the remaining years. Any insignificant amount of net assets at year end represents excess reserve (primarily interest earned and accrued) that can be applied by the City to reduce future lease payments to the Authority.

- Outstanding bond issues in the Authority's name were reduced from three to two in June, 2010, as the City issued the 2010 Water Revenue Bonds and the Wastewater Revenue Bonds to refund the Authority's 2001 Water and Wastewater Revenue Bonds.

- The 2009 Government Center Certificates of Participation and the 2007 Solid Waste Revenue Bonds are the only two outstanding debt issues under the Authority throughout fiscal year 2011.

B. OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements, which consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

The Authority's main activity is the issuance and service of debt for the benefit of the City. Such activity is accounted for as governmental rather than business-type activity.

Government-Wide Financial Statements

The government-wide financial statements present all current and noncurrent components of assets and liabilities of the Authority, using the accrual basis of accounting, since the measurement focus is on economic rather than current financial resources.

The statement of net assets presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net assets.

B. OVERVIEW OF FINANCIAL STATEMENTS, Continued

The statement of activities and changes in net assets presents information about how the Authority's net assets changed during the year. All changes in net assets are reported as the underlying event giving rise to the change occurs, regardless of timing of related cash flows.

The Authority only conducts governmental activities, which are shown in the statement of net assets and the statement of activities and changes in net assets.

The Authority's main function is the issuance of debt and the subsequent debt service; as a result, the activities of the Authority are restricted to the payment of interest expense and other debt related costs such as bond issuance costs. The Authority's revenue sources are lease payments from the City and interest income from bond proceeds held by the fiscal agents.

Fund Financial Statements

The fund financial statements provide detailed information about the Authority's individual funds. Some funds are required to be established by the bond covenants.

The fund financial statements include statements for the governmental funds which are prepared using the current financial resources measurement focus and modified accrual basis of accounting.

The governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on current financial resources, which emphasize near-term inflows and outflows of spendable resources as well as balances of spendable resources at the end of the fiscal year. This information is essential in evaluating the Authority's near-term financial requirements.

In order to better understand the Authority's long-term and short-term requirements, it is useful to compare the Authority's governmental fund statements with the governmental activities in the government-wide financial statements. A reconciliation is provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances to facilitate this comparison.

All of the Authority's funds were determined to be major funds. These funds included the 2009 Government Center Certificates of Participation Debt Service Fund and Solid Waste Revenue Bonds, Series 2007 Debt Service Fund, which are reported in detail in the governmental fund financial statements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets

The Authority's net assets represent resources held by the fiscal agent in excess of reserve requirements. Such excess comes from interest earned on the reserve funds, which can be used to reduce future lease payments from the City.

Sunnyvale Financing Authority
Condensed Statements of Net Assets
(Amounts in Thousands)

	2011	2010
Assets:		
Current Assets	$ 2,924	$ 2,904
Noncurrent Assets	18,792	19,776
Total Assets	21,716	22,680
Liabilities:		
Current Liabilities	1,055	1,026
Long-term Liabilities	20,650	21,635
Total Liabilities	21,705	22,661
Net Assets:		
Restricted for Debt Service	11	19
Total Net Assets	$ 11	$ 19

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Statement of Activities

The following is the condensed comparative statement of activities and changes in net assets.

Sunnyvale Financing Authority
Condensed Statement of Activities and Changes in Net Assets
(Amounts in Thousands)

	2011	2010
Revenues:		
Program Revenues:		
Lease Revenue	$ 302	$ 1,174
Lease Revenue Adjustment	-	(2,951)
Investment Earnings	10	3
	312	(1,774)
Expenses:		
Interest Expense	320	1,177
	320	1,177
Increase (Decrease) in Net Assets	(8)	(2,951)
Net Assets - Beginning	19	2,970
Net Assets - Ending	$ 11	$ 19

The lease revenue adjustment was due to prior years' overstating the lease receivable by including amounts held by fiscal agents, since the lease receivable from the City should have excluded the funds held by the fiscal agent.

On June 29, 2010, the Authority's Water and Wastewater Revenue Bonds, Series 2001, were refunded and defeased in substance. The refunding bonds, the Water Revenue Bonds and the Wastewater Revenue Bonds, Series 2010, were issued by the City based on the Sunnyvale Municipal Utilities Revenue Bond Law. As a result, the Authority has less outstanding debt issues to account for throughout the current fiscal year. Both lease revenue and interest expense were much lower than prior year.

Additionally, the lower expenses were also partially due to lower interest rates applied to the 2009 Government Center Variable Rate Demand and Refunding Certificates of Participation.

D. FUND FINANCIAL STATEMENT ANALYSIS

The focus of the Authority's governmental funds is to provide information on the inflows, outflows and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements.

As of the end of fiscal year 2011, the Authority's governmental funds reported an ending fund balance of $1.9 million. All of the fund balance was reserved to meet future debt service requirements.

E. BUDGETARY HIGHLIGHTS

Debt service for the Government Center is budgeted in the City Internal Service Funds. Debt service for the 2007 Solid Waste Bonds is included in the financial plans for the City's Utilities Enterprise Funds.

F. LONG-TERM OBLIGATIONS

As of June 30, 2011, the Authority had outstanding debt issues as listed below (amounts in thousands).

	Amounts in Thousands	
2009 Government Center Certificates of Participation	$	14,885
Solid Waste, Series 2007		6,750
Total Long-Term Debt	$	21,635

For more information on the Authority's long-term debt, see the notes to the component unit basic financial statements.

G. REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Authority's finances and to demonstrate the Authority's accountability for the funds it receives. If you have questions about this report or need additional financial information, contact the Finance Department of the City of Sunnyvale, 650 W. Olive Avenue, Sunnyvale, California 94086.

Government-Wide Financial Statements

Statement of Net Assets
June 30, 2011

	Governmental Activities
Assets:	
Current Assets	
Cash and Investments Held by Fiscal Agent	$ 1,869,031
Interest Receivable	2,214
Lease Receivable Due within One Year	1,052,833
Total Current Assets	2,924,078
Noncurrent Assets	
Lease Receivable Due in More Than One Year	18,791,625
Total Noncurrent Assets	18,791,625
Total Assets	21,715,703
Liabilities:	
Current Liabilities	
Interest Payable	69,767
Long Term Debt - Due within One Year	985,000
Total Current Liabilities	1,054,767
Noncurrent Liabilities	
Long-term Debt - Due in More than One Year	20,650,000
Total Noncurrent Liabilities	20,650,000
Total Liabilities	21,704,767
Net Assets:	
Restricted for:	
Debt Service	10,936
Total Net Assets	$ 10,936

See Accompanying Notes to Basic Financial Statements

Statement of Activities and Changes in Net Assets
Year Ended June 30, 2011

	Governmental Activities
Program Expenses:	
Interest Expense and Fiscal Charges	$ 320,259
Total Program Expenses	320,259
Program Revenues:	
Charges for Services:	
Lease Revenue from City	301,871
Investment Earnings - Restricted	10,614
Total Program Revenues	312,485
Change in Net Assets	(7,774)
Net Assets - Beginning of Year	18,710
Net Assets - End of Year	$ 10,936

See Accompanying Notes to Basic Financial Statements

Governmental Fund Financial Statements

The 2009 Government Center Certificates of Participation Fund is used to account for the refunding of the Certificates of Participation issued in 2001. Debt service is financed with lease payments from the City.

The Solid Waste Revenue Bonds, Series 2007 Fund is used to accumulate funds for the debt service payments of the Revenue Bonds issued in 2007 to finance the replacement of the materials recovery facility. Debt service is financed with semi-annual installment payments from the participating cities of Sunnyvale and Palo Alto.

Sunnyvale Financing Authority

Balance Sheet
Governmental Funds
June 30, 2011

	Major Funds		
	2009 Government Center Certificates of Participation	**2007 Solid Waste Revenue Bonds Series 2007**	**Total Major Governmental Funds**
Assets:			
Cash and Investments Held by Fiscal Agent	$ 1,107,096	$ 761,935	$ 1,869,031
Accrued Interest Receivable	1,311	903	2,214
Lease Receivable	13,787,606	5,989,019	19,776,625
Total Assets	$ 14,896,013	$ 6,751,857	$ 21,647,870
Liabilities and Fund Balances:			
Liabilities:			
Accrued Interest Payable	$ 1,934	$ -	$ 1,934
Deferred Revenue	13,787,606	5,989,019	19,776,625
Total Liabilities	13,789,540	5,989,019	19,778,559
Fund Balances:			
Restricted for Debt Service	1,106,473	762,838	1,869,311
Total Fund Balances	1,106,473	762,838	1,869,311
Total Liabilities and Fund Balances	$ 14,896,013	$ 6,751,857	$ 21,647,870

See Accompanying Notes to Basic Financial Statements

Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets
June 30, 2011

Total Fund Balances - Total Governmental Funds	$	1,869,311
Amounts reported for governmental activities in the statement of net assets are different because:		
Lease receivable reported in the government-wide statement of net assets reflects future lease payments from the City as semi-annual debt service payments become due. This amount is less than the par valaue of outstanding bonds because the trustee holds the debt service reserve fund as security for the bondholders.		19,776,625
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the governmental fund balance sheet.		(21,635,000)
Net Assets of Governmental Activities	$	10,936

See Accompanying Notes to Basic Financial Statements

Sunnyvale Financing Authority

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2011

	Major Funds		
	2009 Government Center Certificates of Participation	**2007 Solid Waste Revenue Bonds Series 2007**	**Total Major Governmental Funds**
Revenues:			
Lease Payments from City	$ 502,172	$ 758,367	$ 1,260,539
Interest Income	6,900	3,714	10,614
Total Revenues	509,072	762,081	1,271,153
Expenditures:			
Debt Service:			
Principal Retirement	470,000	480,000	950,000
Interest and Fiscal Charges	44,105	280,977	325,082
Total Expenditures	514,105	760,977	1,275,082
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,033)	1,104	(3,929)
Other Financing Sources (Uses):			
Proceeds for Defeasance of Debt	-	-	-
Payment to Escrow Agent	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	(5,033)	1,104	(3,929)
Fund Balances - Beginning of Year	1,111,506	761,734	1,873,240
Fund Balances - End of Year	$ 1,106,473	$ 762,838	$ 1,869,311

See Accompanying Notes to Basic Financial Statements

Sunnyvale Financing Authority

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets

Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	$	(3,929)
This amount was to adjust prior year's overstating excess bond reserve since the interest payment was due on July 1, 2011 for interest accrued for June 30, 2010.		(3,845)
Change in Net Assets of Governmental Activities	$	(7,774)

See Accompanying Notes to Basic Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sunnyvale Financing Authority (Authority), a component unit of the City of Sunnyvale (City), California, have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Boards (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

A. Reporting Entity

The Authority was established on September 29, 1992 by the Joint Exercise of Powers Agreement between the City and the Redevelopment Agency of the City of Sunnyvale (Agency).

The Authority is administered by a Board of Directors consisting of seven persons, each serving in his or her individual capacity as a Director of the Authority. The sitting members of the City Council constitute the Directors of the Authority until such time as they cease to be members of the City Council.

Additionally, the Authority shall have four officers as follows:

Chairperson – Mayor of the City
Vice-Chairperson – Vice-Mayor of the City
Executive Director – City Manager
Treasurer – Director of Finance

The City Attorney shall serve as General Counsel to the Authority and the City Clerk shall serve as Secretary. In addition to having the same governing board, the City is financially accountable for the Authority and conducts management activities of the Authority. Though legally a separate entity, the Authority is, in substance, a component unit of the City and is reported in the City's Comprehensive Annual Financial Report using the blended method.

The Board of the Authority is required to hold at least one regular meeting each year.

B. Basis of Accounting and Measurement Focus

The accounts of the Authority are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for in a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Authority resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

1. SIGNIFICANT ACCOUNTING POLICIES, Continued

Government-Wide Financial Statements

The Authority's government-wide financial statements include a statement of net assets and a statement of activities and changes in net assets. These statements present summaries of governmental activities for the Authority. The Authority has no business-type activities.

The government-wide financial statements are presented on an *"economic resources"* measurement focus and the accrual basis of accounting. Accordingly, all of the Authority's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying statement of net assets. Currently, the Authority has no capital assets. The statement of activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as revenues for the Authority are lease revenues received from the City and interest revenues. Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the statement of net assets have been eliminated. In the statement of activities, interfund transfers have been eliminated.

The Authority applies all applicable GASB pronouncements (including all NCGA Statements and Interpretations currently in effect) to the governmental activities.

Governmental Fund Financial Statements

Governmental fund financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances for all major governmental funds and non-major funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the government-wide financial statements. The Authority has presented all governmental funds as major funds because the Authority believes the financial position and activities of those funds are significant to the Authority as a whole.

All governmental funds are accounted for on a spending or *"current financial resources"* measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Accordingly, revenues are recorded when received in cash, except that revenues subject to accrual (generally 90 days after year-end) are recognized when due. The primary revenue sources, which have been treated as susceptible to accrual by the Authority, are lease revenues and earnings on investments. Expenditures are recorded in the accounting period in which the related fund liability is incurred.

Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain the differences created by the integrated approach.

1. SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the Authority's policy is to apply restricted net assets first.

D. Cash, Deposits and Investments

The Authority's cash and investments consist of restricted funds held by fiscal agents to meet debt obligations. The Authority does not have any unrestricted cash and investments.

E. Long-term Debt

Government-Wide Financial Statements

Long-term debt and other financed obligations are reported as liabilities in the governmental activities.

Fund Financial Statements

The fund financial statements do not present long-term debt, which is shown in the reconciliation of the governmental funds balance sheet to the government-wide statement of net assets.

F. Net Assets and Fund Equity

Government-Wide Financial Statements

Restricted Net Assets – This amount is restricted by external creditors, grantors, contributors, or laws or regulations of other governments.

Unrestricted Net Assets – This amount is all net assets that do not meet the definition "restricted net assets."

Fund Financial Statements

All of the Authority's fund balances are restricted for debt service as required by bond covenants.

1. SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities. In addition, estimates affect the reported amount of expenditures and expenses. Actual results could differ from these estimates and assumptions.

2. CASH AND INVESTMENTS

The Authority's cash and investments consist of cash and investments held by fiscal agents. At June 30, 2011, the Authority had the following cash and investment balances:

Cash and Investments Held by Fiscal Agents:	Amount
2009 Government Center Certificates of Participation	$ 1,107,096
Solid Waste Revenue Bonds, Series 2007	761,935
Total Cash and Investments Held By Fiscal Agents	$ 1,869,031

Refer to the City's Comprehensive Annual Financial Report for detailed disclosure on cash and investments.

3. LEASE RECEIVABLE AND DEFERRED REVENUE

The lease receivable from the City of Sunnyvale, along with investments held by fiscal agents, secures the repayment of the outstanding debt issues. The lease revenue and investment income are sufficient to cover the Authority's debt service requirements.

In the fund financial statements a corresponding amount is recorded as deferred revenue since the assets are not current financial resources.

4. LONG TERM DEBT

Following is a summary of long term debt transactions during the fiscal year ended June 30, 2011:

Description	2010	Additions	Reductions	Ending Balance June 30, 2011	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:						
2009 Government Center Certificates of Participation	$ 15,355,000	$ -	$ (470,000)	$ 14,885,000	$ 490,000	$ 14,395,000
Solid Waste, Series 2007	7,230,000	-	(480,000)	6,750,000	495,000	6,255,000
Total Governmental Activities	$ 22,585,000	$ -	$ (950,000)	$ 21,635,000	$ 985,000	$ 20,650,000

$15,865,000 2009 Government Center Variable Rate Demand Refunding Certificates of Participation

Due in original annual installments of $470,000-$1,065,000 through April 1, 2031, with interest rates reset weekly. Repayments are made from lease payments from the Internal Service Funds and the Enterprise Funds based on a predetermined pro-rata share of each activity's use of the civic center premises.

Annual debt service requirements for the Government Center Certificates of Participation are based on a variable interest rate that is determined by the remarketing agent as the rate that would be necessary to enable the remarketing of the COPs at 100% of the principal amount. At June 30, 2011, the interest rate was 0.33%, which was the rate used to project the interest portion of the debt service payments for future years. This rate will change with market fluctuations.

The debt service requirements for the 2009 Government Center Variable Rate Demand Refunding Certificates of Participation at June 30, 2011 are as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 490,000	$ 11,908	$ 501,908
2013	510,000	11,516	521,516
2014	535,000	11,108	546,108
2015	555,000	10,680	565,680
2016	575,000	10,236	585,236
2017-2021	3,280,000	43,840	3,323,840
2022-2026	4,015,000	29,596	4,044,596
2027-2031	4,925,000	12,140	4,937,140
	$ 14,885,000	$ 141,024	$ 15,026,024

4. LONG TERM DEBT, Continued

$8,130,000 Solid Waste Revenue Bonds, Series 2007

Due in original annual installments of $440,000 - $745,000 through October 1, 2021, interest at 4.0197%, repayments made from net revenues of the Solid Waste Enterprise Fund, including monies received from the City of Palo Alto under the Memorandum of Understanding in connection with the City's Solid Waste Material Recovery and Transfer Station.

The debt service requirements for the bonds at June 30, 2011 were as follows:

Year Ending June 30,	Principal	Interest	Total
2012	$ 495,000	$ 261,381	$ 756,381
2013	520,000	240,981	760,981
2014	540,000	219,677	759,677
2015	560,000	197,568	757,568
2016	585,000	174,555	759,555
2017-2021	3,305,000	492,313	3,797,313
2022	745,000	14,973	759,973
Total	$ 6,750,000	$ 1,601,448	$ 8,351,448

5. SELF-INSURANCE AND CONTINGENT LIABILITIES

The Authority is covered under the City's self-insurance plan and various insurance policies. The City has $40,000,000 in excess general liability coverage, subject to $500,000 self-insured retention (SIR) for each occurrence, through the California Joint Powers Risk Management Authority (CJPRMA), a risk-sharing pool. The City's excess workers' compensation coverage is provided through the California State Association of Counties Excess Insurance Authority (CSAC-EIA), with statutory limits subject to a $500,000 self-insured retention. Employer's liability limit is $5,000,000. The excess workers' compensation coverage is structured in layers as described below:

- $500,000 - $1,000,000. Coverage provided by CSAC-EIA (30% quota share) and American Safety Casualty Insurance Company (70% quota share)

- $1,000,001 - $5,000,000. Coverage provided by CSAC-EIA.

- $5,000,001 - $50,000,000. Coverage provided by ACE American Insurance Company

- $50,000,001 - Statutory. Coverage provided by National Union Fire Insurance Co. of Pittsburgh, PA (AIG)

6. PLEDGED REVENUES

In accordance with GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenue*, the following disclosures pertain to the City utilities revenues that have been pledged.

Utility Revenues Pledged in Connection with Solid Waste Revenue Refunding Bonds, Series 2007

The Solid Waste Revenue Bonds, Series 2003 (issued by the City of Sunnyvale) and Series 2007 (issued by the Sunnyvale Financing Authority) are both payable and secured by the net revenues of Sunnyvale's Solid Waste System plus SMaRT Station Participant Debt Service Payments. Although the two debt issues were structured differently, in substance, they are in parity with each other. Therefore, the following disclosure is intended to present complete information about the pledged revenues.

The City has pledged, as security for the Bonds issued, net revenues of its Solid Waste System and all moneys received from the cities of Mountain View and Palo Alto designated as debt service payments under the Memorandum of Understanding entered into for the City's Solid Waste Materials Recovery and Transfer Station (the SMaRT® Station Fund). The bonds issued in 2003 by the City in the amount of $20,575,000 were used to defease and refund the Sunnyvale Financing Authority Utilities Revenue Bonds, 1992 Series B. Debt service requirements for the 2003 Bonds are shared by the cities of Sunnyvale, Mountain View, and Palo Alto at 55.28%, 23.45%, and 21.27 % respectively. The Bonds issued in 2007 by the Sunnyvale Financing Authority in the amount of $8,130,000 were to provide additional funds for replacing materials recovery facility equipment. Debt service requirements for the 2007 Bonds are shared by the cities of Sunnyvale and Palo Alto at 72.21% and 27.79 % respectively.

Total principal and interest remaining to be paid on the 2003 Bonds is $13,607,775 with annual requirements ranging from $1,942,850 in fiscal year 2011 to $1,941,975 in the final fiscal year 2018. Total principal and interest remaining to be paid on the 2007 bond issues is $8,351,448 with annual requirements ranging from $756,381 in fiscal year 2011 to $759,973 in the final fiscal year 2022.

For the current year, principal and interest payments were $1,945,350 for the 2003 Bonds and $760,977 for the 2007 Bonds. Net revenues of the Solid Waste System amounted to $3,309,210 for fiscal year 2010. Net revenues for calculating debt coverage include the following components: operating revenues, operating expenses (excluding depreciation), interest income, and net interfund transfers (excluding transfer of $1,585,326 to the SMaRT Station Fund for Sunnyvale's share of debt service). The cities of Mountain View and Palo Alto paid $435,339 and $606,077 into the SMaRT Station Fund to cover their allocated share of debt service in this year.

7. CLASSIFICATION OF NET ASSETS AND FUND BALANCES

Government-Wide Financial Statements

Restricted net assets represent external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The restrictions imposed on the Authority's net assets are required for debt service purposes.

Fund Financial Statements

All of the Authority's fund balances are restricted for repayment of debt as required by the bond covenants.

For questions regarding this publication or to request additional copies, contact:

City of Sunnyvale
Department of Finance
650 West Olive Avenue
P.O. Box 3707
Sunnyvale, CA 94088-3707
Phone (408) 730-7380
Fax (408) 737-4950
www.sunnyvale.ca.gov