REPORT TO MAYOR AND COUNCIL **NO: 12-298**

December 18, 2012

SUBJECT: Receive and File the FY 2011/12 Budgetary Year-End Financial Report, Comprehensive Annual Financial Report, and Sunnyvale Financing Authority Financial Report; and Discussion and Potential Action for General Fund Savings and Budget Modification No. 23

BACKGROUND

This report is intended to provide the year-end financial condition of the City of Sunnyvale on a budgetary basis for the fiscal year ended June 30, 2012. In addition, the City's audited Comprehensive Annual Financial Report (CAFR) and Sunnyvale Financing Authority Financial Report for FY 2011/12 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 $3.5 million. This is the result of better than expected revenues in several areas, including Sales Tax and development-related taxes and fees, as well as expenditure savings in the operations and the projects. Staff recommends approval of Budget Modification No. 23 to appropriate $1 million from the General Fund's Budget Stabilization Fund to accelerate funding of the City's Other Post-Employment Benefits (OPEB) Trust.

Year-end results in comparison to the estimates made for the Recommended Budget for other major funds are also included in this 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 2011/2012 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 2011/12 are shown in the table below.

FY 2011/12 General Fund Revenues and Transfers - Estimated vs. Actual

Description	Recommended Budget	Actual Revenues	Variance Favorable (Unfavorable)	Percent Variance
Property Taxes	**$43,077,019**	**$43,407,026**	**330,007**	**0.77%**
Sales Taxes:				
Sales and Use Tax - City	29,971,933	30,345,514	373,581	1.25%
Sales and Use Tax - Public Safety	1,236,077	1,296,209	60,132	4.86%
Total Sales Tax	**31,208,010**	**31,641,723**	**433,713**	**1.39%**
Development Revenues	**12,500,000**	**13,968,980**	**1,468,980**	**11.75%**
Business License Tax	**1,507,000**	**1,504,737**	**(2,263)**	**(0.15)%**
Real Property Transfer Tax	**800,000**	**924,868**	**124,868**	**15.61%**
Transient Occupancy Tax	**7,314,725**	**7,777,583**	**462,858**	**6.33%**
Utility Users Tax	**6,858,531**	**6,830,496**	**(28,035)**	**(0.41)%**
Franchises	**6,344,385**	**6,372,876**	**28,491**	**0.45%**
Rents & Concessions	**2,004,922**	**2,039,815**	**34,893**	**1.74%**
Federal & Intergovernmental Revenues	**805,645**	**931,611**	**125,966**	**15.64%**
State Revenues	**379,944**	**391,532**	**11,588**	**3.05%**
Permits & Licenses	**1,425,883**	**1,489,539**	**63,656**	**4.46%**
Fines & Forfeitures	**1,229,308**	**1,194,633**	**(34,675)**	**(2.82)%**
Service Fees:				
Abandoned Vehicles (AVASA)	200,620	187,148	(13,472)	(6.72)%
Community Development Fees	1,036,200	1,136,770	100,570	9.71%
Finance Fees	220,404	260,367	39,963	18.13%
Library Fees	16,385	14,443	(1,942)	(11.85)%
Public Safety Fees	928,420	987,344	58,924	6.35%
Public Works Fees	703,974	786,108	82,134	11.67%
Total Service Fees	**3,106,003**	**3,372,179**	**359,034**	**6.14%**
Interest Income	**500,000**	**522,241**	**22,241**	**4.45%**
Interfund Revenues	**10,130,637**	**9,492,381**	**(638,256)**	**(6.30)%**
Miscellaneous Revenues	**240,970**	**321,578**	**80,608**	**33.45%**
Transfers In/In Lieu Fees	**9,429,422**	**9,438,200**	**8,778**	**0.09%**
Revenue Total	**$138,862,401**	**$141,621,997**	**2,759,596**	**1.99%**

Total revenues exceeded the estimates for FY 2011/12 included in the City Manager's Recommended Budget by nearly $2.8 million.

Property Tax revenues for FY 2011/12 came in approximately $330,000 higher than what was projected for the Recommended Budget. This is predominantly the result of the City receiving a share of the Redevelopment Property Tax Increment, which was originally not programmed until FY 2014/15. Overall, Property Tax grew by over $1 million, or 2.5%, over FY 2010/11 revenues. This was the result of gains in Secured Tax and a rebound in the City's share of the Supplemental Tax, which is a revenue source that is pooled County-wide and has been significantly impacted by reduced assessed valuations in other parts of the County. In FY 2010/11, Supplemental Tax only generated $177,000 in revenue; however, in FY 2011/12, Supplemental Tax increased to nearly $625,000. While still lower than historical averages, this increase is a positive sign for this revenue source going forward.

Final City Sales and Use Tax revenues for FY 2011/12 were approximately $375,000 above estimates made for the Recommended Budget and exceeded FY 2010/11 totals by approximately $900,000. Over the past two fiscal years, Sales Tax has rebounded sharply from the recession, as revenues are up nearly 20% during that time, from $25.4 million in FY 2009/10 to $30.3 million in FY 2011/12. These positive results reflect the strong business-to-business activity that has driven the recovery. Due to the volatile nature of business-to-business sales, which constitute approximately 40% of total Sales Tax revenue, this revenue source will continue to be monitored closely, and staff will provide an update on results from the first quarter of FY 2012/13 when they become available later this month.

Transient Occupancy Tax (TOT) revenues exceeded projections made for the Recommended Budget by over $450,000 and were $1.2 million higher than FY 2010/11. Because of the heavy amount of business-related activity that occurs in the City, TOT revenues tend to follow the Sales Tax revenue trends. Similar to Sales Tax, TOT revenues have rebounded sharply since 2009/10, increasing from $5.6 million in that fiscal year to nearly $7.8 million in FY 2011/12. Both room rates and occupancy rates increased in FY 2011/12, with occupancy rates back to pre-recession levels but room rates still lagging slightly 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.

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. The past five years have been extremely volatile for development activity in the City, with significant fluctuations in the amount of revenue received from this source. In FY 2007/08, revenues hit record levels, nearing $15 million, as several large-scale projects, including downtown redevelopment, drove the high level of activity. When the recession hit in FY 2008/09, activity slowed considerably and revenues dropped all the way to $5.2 million in FY 2009/10. The rebound, however, did begin late in FY 2009/10 and continued to accelerate through FY 2011/12, with revenues approaching $14 million. Overall, development-related revenues exceeded projections made for the Recommended Budget by $1.5 million in FY 2011/12 and were more than $6.7 million higher than FY 2010/11. Through the first quarter of FY 2012/13, development-related revenues have remained extremely strong and are on

track to meet or exceed current projections. Updated projections for this fiscal year will be made in March and incorporated into the FY 2013/14 Recommended Budget.

Utility Users Tax revenues for FY 2011/12 were flat compared to FY 2010/11 and were very close to the projections made for the Recommended Budget. Overall energy-related revenues were $123,000 higher than in FY 2010/11, with PG&E electricity revenues accounting for $80,000 of the increase. Telecommunication-related revenues decreased by approximately 5% in FY 2011/12 and reflect the recent degradation of this revenue source due to the gradual shift in the way consumers are using telecommunication devices, as more and more usage (i.e. text and data) is not subject to the UUT. The City's Franchise Fee revenue was slightly higher than what had been projected for the Recommended Budget and was $126,000 higher than FY 2010/11. The increase in Franchise Fee revenue is primarily the result of increased AT&T and Garbage royalty revenues.

Real Property Transfer Tax revenues increased by more than $200,000 over FY 2010/11 and exceeded updated projections made for the Recommended Budget by 16%. 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 62% increase in revenue over the past two years reflects the overall recovery in the real estate market locally.

Interest earnings stabilized in FY 2011/12, finishing at just over $500,000, which is slightly better than projections made for the Recommended Budget. While results were 6% better than FY 2010/11, interest earnings are down over 70% since FY 2008/09. This is predominantly attributable to the unusually low interest rate environment, with the City currently earning less than 1% on its 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 near term based on current investment returns.

Other revenues fell short of estimates made for the Recommended Budget by approximately $550,000. This was primarily due to the fact that a portion of the final loan repayment from the RDA before it was dissolved had to be retained by the Successor Agency to cover its obligations. The dissolution of the RDA and its fiscal impact on the City are discussed in more detail later in this report.

Expenditures

General Fund expenditures for the fiscal year ending June 30, 2012 are shown in the table on the following page:

FY 2011/2012 General Fund Expenditures and Transfers - Estimated vs. Actual

Description	Amended Budget	Actual Expenditures	Variance Favorable (Unfavorable)	Percent Variance
Equipment	$ 499,614	$ 251,521	$ 248,093	49.66 %
Operations	120,491,484	119,827,313	664,171	0.55 %
Projects	2,667,191	1,227,695	1,439,496	53.97 %
Transfers	12,861,589	7,566,453	5,295,136	41.17 %
Expenditures Subtotal	**136,519,878**	**128,872,982**	**7,646,896**	**5.60 %**
CAFR adjustment	-	451,348	(451,348)	0.00%
Total Expenditures	**136,519,878**	**129,324,330**	**7,195,548**	**5.27 %**
Equipment Carryovers	-	234,214	(234,214)	0.00%
Project Carryovers	-	1,135,768	(1,135,768)	0.00%
Deferred Transfers	-	5,076,811	(5,076,811)	0.00%
Total Carryovers	**-**	**6,446,793**	**(6,446,793)**	**0.00 %**
Expenditures Grand Total	**136,519,878**	**135,771,122**	**748,755**	**0.55 %**

Includes Recommended Budget amounts plus Budget Modifications

The details of FY 2011/12 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 2011/12 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 $7.2 million in unexpended funds from FY 2011/12, approximately $6.4 million has been carried forward to FY 2012/13 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 $748,000 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.

While the financial results of General Fund operations were better than expected, one department, the Office of the City Attorney (OCA), exceeded its budget appropriation. In FY 2011/12, OCA handled a significant number of litigation issues, including the ongoing Sunnyvale Town Center legal issues, defense of the park in-lieu fees, and several cases involving police liability and civil rights issues. This above average level of litigation activity required increased use of outside counsel for trial preparation,

mediation activity, and settlement discussions and resulted in OCA exceeding its budget for both its General Fund-related cases as well as the cases it handles that are funded by the City's Property and Liability Insurance Fund. It is important to note, however, that several of these cases have now been resolved with favorable results for the City, and the nature of this work results in overages in some years and underages in other years for the outside counsel budget.
The "CAFR Adjustment" line item reflects the accounting adjustments that are required as a part of the year-end closing process that impact the City's current resources. These adjustments reflect transactions that account for items such as allowances for uncollectable accounts, changes in inventories, or changes in the balance of the directors' mortgage account. These items do not impact the City's long-term fiscal position, but they do affect the availability of funds now. In some years, the net effect of these accounting adjustments has had a positive impact on the General Fund's resources, and in other years, these adjustments have had a negative effect. The adjustments required for FY 2011/12 resulted in a reduction to the General Fund's current resources, which was predominantly the result of new mortgage loans to directors during the reporting period of FY 2011/12.

Final Fund Results

The final position of the General Fund, as reflected in this Year-End Financial Report, is approximately $3.5 million more favorable to the City in comparison to the results estimated for the City Manager's Recommended Budget.

Other Funds

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

Redevelopment Successor Agency Fund

The Redevelopment Successor Agency Fund accounts for the dissolution activities of the City's former Redevelopment Agency, which was legally dissolved on February 1, 2012 following State legislation and a State Supreme Court ruling. This fund accounts for debt service, capital projects, low-and-moderate-income housing, and general activities of the Agency.

Prior to the dissolution of the Redevelopment Agency, each year, after annual expenditures were made, the remaining Tax Increment funds were transferred to the General Fund for repayment of the Agency's debt under the terms of certain repayment agreements. The three main agreements were to repay debt associated with initial improvements to the Project Area (1977 Loan), to compensate the City for all administrative costs incurred for the Redevelopment Agency after 1985 (the Administrative Loan), and to cover additional capital expenditures incurred since 1986 (the Plaza Loan).

Based on information the City had when the FY 2012/13 Recommended Budget was being prepared, all loan repayments from the Redevelopment Agency to the General Fund, in the amount of $134 million over 20 years, were removed from the long-term financial plan. The City's position is that the 1977 loan is recoverable, and as such, the City is currently working with the State Department of Finance to come to a resolution on the status of this loan. This may result in some or all of this loan

obligation to the General Fund being re-incorporated into the long-term financial plan for the FY 2013/14 Recommended Budget. While that is potentially positive news, the Certificates of Participation for the downtown parking structure, which were secured by lease payments provided by the General Fund, are now being scrutinized by the State Department of Finance and are in jeopardy of being removed as enforceable obligations. Should that occur, the General Fund would have to absorb the remaining debt service, which amounts to approximately $13.4 million over the next 11 years. This additional $1.2 million annually can be absorbed within the General Fund with no expected impact on service levels, as $1.2 million annually represents less than 1% of total General Fund revenues.

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 $32 million, of which most is being carried forward to be spent in FY 2012/13. The major ongoing projects utilizing this carryover funding include the Mathilda Avenue Railroad Overpass Improvements project, the Seven Seas Park Development project, the Fair Oaks Avenue Overhead Bridge project, the Calabazas Creek Bridge at Old Mt. View-Alviso Rd project, and the Hendy Avenue Complete Street project.

Ongoing projects funded by Park Dedication Fee revenues had unspent funds of nearly $9.3 million, of which $6.7 million is being carried forward to be spent in FY 2012/13. The majority of this carryover funding is for the construction of the new Seven Seas Park. With the new Park Dedication Fee standard of 5 acres per 1,000 residents, it is expected that increased revenues in the Park Dedication Fund will be available to fund new land acquisition and capital improvements in the future. Staff is currently working to prioritize eligible projects for funding, and priority projects will be included as a part of the long-term financial plan developed for the FY 2013/14 Recommended Budget.

Water Supply and Distribution Fund

The Water Supply and Distribution Fund accounts for the operations and expenses of the City's water system. This fund receives the majority of its revenues from user fees collected from the City's water rate payers. During the review of this fund for the FY 2012/13 rate setting process, staff revised revenue estimates and adjusted expenses to account for projected water sales and project carryover funds from capital projects.

While revenues and other resources came in approximately $650,000 over estimates, water sales continued to decline, with total sales down 9.5% from FY 2010/11. Total expenses ended approximately $1.9 million less than planned, with the savings coming primarily from reduced wholesale water purchases, as well as from other operational savings and completed projects that did not require their entire appropriation. So far this fiscal year, sales have been strong due to the warm summer, and staff anticipates meeting current 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. This 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 up 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 2011/12 approximately $800,000 better than planned, predominantly due to better than expected revenues. This fund continues to recover from the recession and its Rate Stabilization Reserve ended with a higher balance than planned. While the fiscal position has begun to improve, very close monitoring will be required for the next several years to ensure continued fund stability.

In the SMaRT Station Fund, the delayed closure of the SMaRT Station Materials Recovery Equipment project increased both expenses and revenues for SMaRT Station operations, however increases in revenues were enough to offset expenses, with the overall fund position ending as planned.

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 $1.3 million higher than projections. This was due to higher than anticipated revenues from service fees, as well as an uptick in development-related fees. Fund expenses, including the impact of project carryovers, were approximately $500,000 less than planned due primarily to operating savings in goods and services (e.g. chemicals and natural gas). As a result, overall fund position remains positive; however, there are significant capital needs in this fund coming up in the near future, including the replacement of the existing Water Pollution Control Plant. Cost estimates for this project have been included in the long-term financial plan for a number of years, and as the project draws closer and design gets underway, more detailed and refined estimates for both the cost of the project and the impact on rates will be incorporated into the long-term plan.

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. FY 2011/12 was the final year of this Fund's operation, as starting July 1, 2012, recreation operations have moved into the General Fund and the golf and tennis operations have formed a new, self-sustaining enterprise fund, the Golf and Tennis Fund.

Overall, final fund balance of the Community Recreation Fund was approximately $219,000 better than expected. While recreation revenues were slightly lower than anticipated, expenditures for the combined golf and tennis operations, as well as the recreation operation, achieved expenditure savings. Of this $219,000, approximately $99,000 is directly attributable to golf and tennis operations, and that amount has been retained by the new Golf and Tennis Fund, leaving this new fund with an initial reserve amount of approximately $288,000. The other $120,000 is attributable to the recreation operation. Because the recreation operation required annual funding from the General Fund, this excess $120,000 was able to be netted out of the final General Fund transfer to the Community Recreation Fund, resulting in a savings to 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/communication services. Funding for these services is recovered through rental rates charged to the operating programs that benefit from these services. Overall, the fund finished approximately $555,000 better than was projected in the FY 2012/13 Recommended Budget. These savings are primarily attributable to operating savings in the Department of Information Technology and the Print Shop. In the Department of Information Technology, expenditures on the maintenance and support for hardware and software, as well as on equipment leases, were not as high as expected. In the Print Shop, expenditures on outsourced printing services were lower than planned. Additionally, there were some savings related to equipment replacement across the general services due to the deferral of scheduled replacements.

Employee Benefits Fund
Total expenditures in the Employee Benefits Fund were approximately $550,000 lower than anticipated, which was predominantly the result of lower than expected costs for medical and other employee insurance plans. Collections to the Benefits Fund to cover the cost of employee benefits (leaves, retirement, workers compensation, and insurances) come from the operating departments in the form of an "additive rate" that is charged to every hour an employee works. In FY 2011/12, the total amount of expected collections was $65 million, of which 95% was collected ($61.6 million), which resulted in the ending reserve for this fund being lower than anticipated. Year-over-year variances in collections, either over-collections or under-collections, are expected, and annual rate adjustments take this into account. Further, reserves in this fund are set to accommodate these year-over-year fluctuations.

Current Fiscal and Economic Environment

As we reach the mid-point of the current fiscal year and begin preparations for the development of the FY 2013/14 Recommended Budget, there are a number of factors affecting the City's fiscal environment that will provide guidance on short- and long-term revenue and expenditure projections. As covered earlier in this report, recovery of many of the City's major revenue sources exceeded expectations in FY 2011/12. Additionally, early indications are that the City remains on track to meet projections in the current fiscal year, although little information on the General Fund's two largest revenue sources, Sales Tax and Property Tax, is currently available due to the lag in timing for remittance of these revenues to the City. All revenue sources will be evaluated over the next several months to update current year estimates and develop projections for each year of the 20-year plan. This will set the revenue baseline and will be a significant factor in determining the City's capacity to maintain the restored service levels it incorporated into the FY 2012/13 Adopted Budget.

Just as important will be the projections for expenditure growth, particularly those related to personnel expenditures. There are a number of factors that will be considered in projecting personnel expenditures going forward, many of which are currently being evaluated. For all Miscellaneous bargaining units other than SEA, current contracts have held to budgetary assumptions on salary. The SEA contract, which is also on the December 18th Council meeting agenda (RTC 12-297), slightly exceeds budgetary assumptions, which is predominantly due to the timing of the increases for the employee contribution to CalPERS being delayed. The fiscal impact of this is discussed in detail in that staff report. For Safety, where salary adjustments are based on a survey, the October 2012 survey resulted in a slight salary decrease for PSOA. In the FY 2012/13 Adopted Budget, the City had projected the survey would yield a 2.15% increase for PSOIIs and a 1.87% increase for Lieutenants. Based on the survey results, the General Fund will save approximately $1 million this fiscal year and approximately $29 million over 20 years. Going forward, the City's budget assumes modifications to the salary survey when the PSOA contract is negotiated in 2015 that will result in more modest salary increases in the future.

Another personnel-related expenditure where controlling growth is extremely important is pensions. As Council is aware, the cost to the City of the pension expense has increased significantly over the past several years, and due to a number of factors, rates are expected to continue to climb in the future. Helping to mitigate some of these contribution rate increases has been agreement by all bargaining units to increase their employee contribution to 3% or 4% of pay. While this is helpful, it is important that we continue to work towards having employees contribute their entire employee share. To that end, the Public Employees Pension Reform Act (PEPRA), which was signed by Governor Brown in September, will provide some relief, over time, to the City's pension expense burden.

One of the most significant components of the PEPRA is the one that allows the City to impose an employee contribution of up to 8% of pay for Miscellaneous employees and 12% of pay for Safety employees as of January 1, 2018. In the 20-year financial plans developed for the FY 2013/14 Recommended Budget, the full 8% (Miscellaneous) and 12% (Safety) contribution will be phased in between the end of the current contract for each respective bargaining unit and January 1, 2018. For

context, for each additional percent of pay contributed by employees to the pension expense, the City saves approximately $575,000 annually for Miscellaneous employees and $325,000 for Safety employees.

The other major provisions included in PEPRA affect only new CalPERS members (i.e. new employees to the City who have not previously worked for another CalPERS agency). These provisions include new employees paying half of normal cost of the pension expense (Miscellaneous employees paying an estimated 6% of pay on 12% total normal costs and Safety employees paying an estimated 10.5% on 21% total normal costs), lower pension formulas (2% @ 62 for Miscellaneous and 2.7% @ 57 for Safety), and a cap on pensionable wages.

Over the next several months, staff expects to get more information on the expected contribution rate increases, as well as the potential savings due to PEPRA, and the impact of both will be incorporated into the FY 2013/14 Recommended Budget.

The FY 2012/13 Adopted Budget increased service levels for street tree trimming, sidewalk repair, and library services, in addition to maintaining the enhanced funding for street repairs. The long-term financial plan also incorporated a $1.5 million annual set aside to fund other infrastructure renovation and repair. The City's ability to maintain these restored service levels will depend on the factors discussed in detail in the preceding paragraphs. As noted, additional information on the status of major City revenues and on pension costs will become more available over the next several months, and staff will keep Council informed as more is known.

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 2011/12 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 <u>not</u> identify <u>any</u> deficiencies in the FY 2011/12 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.

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 D.

FISCAL IMPACT

The fiscal impact of each fund's results is discussed in detail in the body of the report. As noted previously, the General Fund finished FY 2011/12 approximately $3.5 million better than expected. The City Manager's Letter of Transmittal in the FY 2012/13 Adopted Budget noted that should one-time, unanticipated funds materialize, he would recommend utilizing those funds to increase the contribution to the OPEB Trust for retiree medical expenses. As such, staff also recommends Council approval to appropriate $1 million from the General Fund to make an additional contribution to the City's OPEB Trust. This leaves approximately $2.5 million available in the General Fund to absorb additional expenditures that have already been appropriated this fiscal year, which include $300,000 for the Peery Park Specific Plan project and $100,785 for the Raynor Sale Consulting Services project, without having a negative impact on the planned Budget Stabilization Fund balance. It should be noted that the funds for the Raynor Sale Consulting Services project will be reimbursed to the General Fund upon sale of the property, and the funds for the Peery Park Specific Plan project could be recouped over time through a specific plan maintenance fee, should one be adopted. This also leaves some capacity should additional unplanned expenditures be required over the remainder of the fiscal year. One such expenditure has already been identified, which is the additional $550,000 that must be spent by the Employee Benefits Fund to cover the delay in SEA increasing its employee contribution to the pension expense in comparison to what is currently budgeted. This appropriation has been requested with the approval of the SEA contract (RTC 12-297, December 18, 2012).

Budget Modification No. 23 has been prepared to appropriate $1 million from the General Fund's Budget Stabilization Fund to make an additional contribution to the City's OPEB Trust. The latter action will increase the FY 2012/13 contribution to the Trust from $4.1 million to $5.1 million. As of September 30, 2012, the market value of the Trust was $44 million. The current estimate for the City's total OPEB liability is $119 million, with the unfunded portion of that liability being approximately $75 million. With this additional contribution, the Trust will be nearly 38% funded.

BUDGET MODIFICATION NO. 23
FISCAL YEAR 2012/2013

General Fund	Current	Increase (Decrease)	Revised
Expenditures:			
Additional Contribution to OPEB Trust	$0	$1,000,000	$1,000,000
Reserves:			
Budget Stabilization Fund	$52,576,748	($1,000,000)	$51,576,748

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 2011/12 in better position than was estimated in the Recommended Budget by approximately $3.5 million. Despite the positive results, there are still a number of significant fiscal concerns as we move into the preparation of the FY 2013/14 Recommended Budget. Staff will provide an update on the City's fiscal condition at the February 1, 2013 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, and the Sunnyvale Financing Authority Financial Report.

Alternative #2: Approve Budget Modification No. 23 to appropriate $1 million from the General Fund to make an additional contribution to the City's OPEB Trust.

Alternative #3: Other action as determined by Council.

RECOMMENDATION

Staff recommends Alternatives #1 and #2. To receive and file the budgetary Year-End Financial Report, the audited Comprehensive Annual Financial Report, the Memorandum on Internal Control and Required Communications issued by the independent auditors, and the Sunnyvale Financing Authority Financial Report and approve Budget Modification No. 23 to appropriate $1 million from the General Fund to make an additional contribution to the City's OPEB Trust.

Reviewed by:

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Grace K. Leung, Director of Finance
Prepared by: Drew Corbett, Assistant Director of Finance

Approved by:

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Gary Luebbers, City Manager

Attachments

A. Schedule of Appropriations by Fund
B. Auditor's Memorandum on Internal Control and Required Communications
C. Comprehensive Annual Financial Report*
D. Sunnyvale Financing Authority Financing Report*

*Attachment C & D available at City Website:
http://sunnyvale.ca.gov/Departments/Finance.aspx

Fund 35 - General Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Equipment			
020000 General Equipment	$ 164,835	$ -	$ 164,835
020901 Public Safety Equipment	320,900	251,521	69,379
Total Equipment	**485,735**	**251,521**	**234,214**
Operating Programs			
City Attorney			
750 Comprehensive Legal Services	1,626,242	1,719,717	(93,475)
Total City Attorney	1,626,242	1,719,717	(93,475)
City Manager			
723 Office of the City Manager	4,334,436	3,766,338	568,098
Total City Manager	4,334,436	3,766,338	568,098
Community Development			
233 Building Safety	2,809,305	2,774,646	34,659
234 Planning	2,271,203	2,261,824	9,379
237 Department Management	391,619	390,101	1,518
Total Community Development	5,472,128	5,426,572	45,556
Finance			
703 Budget Management	736,180	638,032	98,148
704 Purchasing	1,273,725	1,258,967	14,759
705 Financial Management and Analysis	1,126,232	725,545	400,687
706 Accounting and Financial Services	1,642,047	1,679,440	(37,393)
707 Treasury Services	1,096,272	1,064,020	32,252
708 Utility Billing	2,099,891	2,161,450	(61,559)
Total Finance	7,974,347	7,527,454	446,893
Human Resources			
754 Human Resources	3,419,916	3,303,420	116,496
Total Human Resources	3,419,916	3,303,420	116,496
Library and Community Services			
527 Youth and Family Services	264,397	251,276	13,121
602 Community Services Department Management	478,467	177,566	300,901
620 Library	7,525,169	7,266,198	258,971
Total Library and Community Services	8,268,033	7,695,041	572,993
Public Safety			
471 Police Services	24,651,594	24,024,213	627,381
472 Fire Services	27,043,214	26,697,280	345,934
473 Community Safety Services	3,424,169	3,699,923	(275,754)
474 Personnel & Training	1,712,600	1,678,800	33,800
475 Investigation Services	4,869,438	4,698,263	171,175
476 Communication Services	2,963,021	3,154,667	(191,646)
477 Public Safety Administrative Services	6,582,998	6,742,339	(159,341)
478 Records Management & Property Services	1,917,242	1,990,345	(73,102)
Total Public Safety	73,164,276	72,685,830	478,447

Fund 35 - General Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Public Works			
119 Transportation and Traffic Services	2,081,581	1,937,523	144,058
120 Pavement, Traffic Signs/Markings, Street Sweeping, etc.	2,795,720	2,586,067	209,653
121 Street Lights	968,231	1,240,364	(272,133)
219 Street Tree Services	1,232,902	1,272,201	(39,299)
222 Concrete Maintenance	886,077	749,475	136,602
267 Neighborhood Parks and Open Space Manage	8,104,925	8,099,070	5,855
308 Public Works Admnistration	748,974	676,405	72,569
309 Capital Project Management and Environmental Sustainability	133,734	131,671	2,063
310 Land Development - Engineering Services	1,051,603	1,010,166	41,438
Total Public Works	18,003,748	17,702,941	300,806
Total Operating Programs	**122,263,126**	**119,827,313**	**2,435,813**
Non-Departmental			
Recurring Expenditures:			
Transfers Out:			
7900 Capital Projects Fund-General Assets	2,590,917	32,672	2,558,245
7900 Community Recreation Fund - Leisure Services	4,642,544	4,522,471	120,073
7900 General Services Fund - Proj Mgmt Serv	161,971	188,945	(26,974)
7900 General Services Fund Tech & Communication Services	27,073	27,073	-
7900 Infrastructure Fund - General Assets	3,249,508	570,950	2,678,558
7900 Liability and Property Insurance Fund	654,935	654,935	-
7900 Youth and Neighborhood Services Fund	524,641	364,289	160,352
Total Transfers Out	11,851,589	6,361,335	5,490,254
7900 Lease Payments to RDA for Parking Structure	1,205,118	1,205,118	-
7900 Payment for Public Parking Easement/Developer Agreement	2,004,644	-	2,004,644
Total Lease Payments	3,209,761	1,205,118	2,004,644
Total Recurring Non-Departmental Expenditures	15,061,350	7,566,453	7,494,898
Total Non-Departmental	**15,061,350**	**7,566,453**	**7,494,898**
Projects			
803700 Leadership Sunnyvale [GF]	4,500	4,500	-
804201 City-wide Aerial Photos	27,450	27,450	-
805150 Library Foundation Program Grant	249,662	7,300	242,362
809901 Government Access Programming	119,099	119,099	-
820570 Minor Building Modifications	5,624	5,624	-
820610 Downtown Area Maintenance	28,484	28,440	44
821010 City Owned Properties - Downtown	12,000	16,236	(4,236)
824351 The Health Trust - Meals on Wheels (GF)	6,550	6,551	(1)
825570 239 - 241 Commercial Street Property Maintenance	5,000	6,884	(1,884)
825700 General Plan Updates	22,543	5,733	16,810
825970 Downtown Underground Parking Insurance	5,000	(201,602)	206,602
826552 Onizuka AFS BRAC- EDC Application and Business Plan	23,167	23,167	-
826553 Onizuka AFS Base Realignment and Closure (BRAC)	106,724	106,724	-
826554 Onizuka/BRAC Project - Final Planning Phase	56,100	54,080	2,020
826620 Town Center Construction - Public Works Services	193,175	2,250	190,925
827222 Family & Children's Services-Columbia Center	517	517	-
827350 State 911 Enhancement Funding Project	3,257	3,257	-
827360 State 911 GIS Technology Funding Project	9,423	9,423	-
827700 Electronic Records Management System	100,000	5,750	94,250
827720 Catholic Charities - Long Term Care Ombudsman Program [GF]	8,188	8,188	-
827780 First United Methodist Church - Sr. Nutrition Program [GF]	14,739	14,739	-
827790 Senior Adult Legal Assistance (SALA) [GF]	6,550	6,551	(1)

Fund 35 - General Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
827810 Friends for Youth - Mentoring [GF]	8,188	8,188	-
827820 Live Oak Adult Day Services [GF]	9,007	9,007	-
827890 CPR Anytime Training to Sunnyvale High School Youth	1,132	1,124	8
827970 History Museum Utility Reimbursement	4,000	4,000	-
828000 "Avoid the 13" DUI Enforcement Campaign	7,407	7,407	-
828080 Emergency Management Preparedness Grant - EMPG FY 09/10	10,806	10,806	-
828440 Catholic Charities: Day Break III	9,826	9,826	-
828461 Santa Clara Family Health Foundation: Healthy Kids (GF)	14,739	14,739	-
828472 West Valley Community Services: Haven to Home Case Mgmt	7,369	7,369	-
828481 Abilities United: Aquatic and Occupational Therapy	8,188	8,188	-
828630 Climate Action Plan	7,759	7,759	-
828650 Emergency Management Preparedness Grant - EMPG FY09	368,732	368,732	-
828690 Land Use & Transportation Study	340,570	111,652	228,918
828800 2009 State Homeland Security Training Program Project	64,708	64,708	-
828840 Project Readiness Initiative Program	7,047	-	7,047
828860 Laptop Computer for After-School Homework Center	210	210	-
828880 Community Events Grant Funding	10,000	3,675	6,325
828890 Neighborhood Grants	976	976	-
828920 Backup Generator for Communication Tower at Corporation Yard	12,234	13,278	(1,044)
828950 Lawrence Station Area Plan: Phase 1	10,330	10,330	-
828990 LSTA Family Place Grant	1,891	1,891	-
829000 2010/2011 OTS Sobriety Checkpoints	1,830	1,830	-
829210 Raynor Center Assessment	88,879	10,464	78,415
829220 Generations Community Wellness Centers	5,732	5,732	-
829240 Tobacco Use and Smoking Prevention	76,292	67,118	9,174
829250 Emergency Management Preparedness Grant - EMPG FY11	21,578	12,870	8,708
829280 Families Read Together	1,820	1,728	91
829310 California Environmental Reporting System (CERS) Grant	52,134	20,950	31,184
829330 LSTA Multi-Touch Table and Software	20,050	20,050	-
829340 2010 State Homeland Security Grant for Training	162,594	85,654	76,940
829350 2011 Urban Shield	55,499	55,499	-
829360 FY 2011/2012 OTS Sobriety Checkpoints	30,634	12,246	18,388
829380 California Reads	5,845	3,975	1,870
829390 LSTA: Lawyers in the Library	4,275	2,247	2,028
829500 Santa Clara County Funded EMS Enhancement Projects	25,000	-	25,000
829510 Emergency Medical Dispatch First Responder Incentive Funding	34,808	2,606	32,202
829660 Communities Putting Prevention to Work - Obesity Prevention	39,068	-	39,068
829670 Lawrence Station Area Plan - Phase II	450,000	-	450,000
829680 FY 2011/2012 Emergency Management Performance Grant (EMPG)	27,018	-	27,018
Total Projects	**3,015,927**	**1,227,695**	**1,788,232**
Total Appropriations	**140,826,138**	**128,872,981**	**11,953,157**
Project and Equipment Carryovers	-	1,369,982	(1,369,982)
Deferred Transfers Out	-	5,076,811	(5,076,811)
CAFR adjustment	-	451,348	(451,348)
Total	**140,826,138**	**135,771,122**	**5,055,016**

Fund 70 - Housing Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Community Development			
235 Housing and CDBG Program	$ 627,864	$ 635,103	$ (7,239)
Total Community Development	627,864	635,103	(7,239)
Total Operating Programs	**627,864**	**635,103**	**(7,239)**
Non-Departmental			
7900 General Fund	76,939	75,661	1,278
Total Recurring Non-Departmental Expenditures	76,939	75,661	1,278
Total Non-Departmental	**76,939**	**75,661**	**1,278**
Projects			
823750 BMR Compliance Enforcement	25,000	24,998	3
825930 City Owned Prpty-Downtown/388 Charles St	5,725	1,457	4,268
826520 Pre-Development Costs-Affordable Housing Sites	6,519	1,133	5,386
828100 First-Time Homebuyer Loans (81-120% AMI)	382,500	246,425	136,075
828110 Housing Trust Fund (HTFSCC) Contribution	200,000	200,000	-
828822 Infill Infrastructure Grant for Fair Oaks Senior Housing	1,671,211	1,671,211	-
829470 MidPen Housing Pre-Development Cost Reimbursement	50,000	15,355	34,645
829480 Charities Housing Pre-Development Cost Reimbursement	50,000	16,852	33,148
Total Projects	**2,390,955**	**2,177,431**	**213,524**
Total Appropriations	**3,095,758**	**2,888,195**	**207,563**
Project Carryovers	-	213,522	(213,522)
Total	**3,095,758**	**3,101,717**	**(5,959)**

Fund 71 - HOME Grant Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Community Development			
235 Housing and CDBG Program	$ 86,560	$ 87,460	$ (900)
Total Community Development	86,560	87,460	(900)
Total Operating Programs	**86,560**	**87,460**	**(900)**
Non-Departmental			
7900 General Fund	4,556	5,749	(1,193)
Total Non-Departmental	**4,556**	**5,749**	**(1,193)**
Projects			
828120 First-Time Homebuyer Loans (up to 80% AMI)	84,980	34,980	50,000
828530 Aster Park Rehabilitation	130,000	130,000	-
828700 Momentum for Mental Health: Rehab (HOME)	318,900	23,486	295,414
828750 Tenant Based Rental Assistance (HOME)	449,692	59,281	390,411
Total Projects	**983,572**	**247,748**	**735,824**
Total Appropriations	**1,074,688**	**340,957**	**733,731**
Project Carryovers	-	735,824	(735,824)
Total	**1,074,688**	**1,076,781**	**(2,093)**

Fund 110 - Community Development Block Grant Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Community Development			
235 Housing and CDBG Program	$ 499,782	$ 495,808	$ 3,974
Total Community Development	499,782	495,808	3,974
Total Operating Programs	**499,782**	**495,808**	**3,974**
Non-Departmental			
7900 General Fund	30,369	31,373	(1,004)
7900 HOME Fund	53,000	-	53,000
Total Non-Departmental	**83,369**	**31,373**	**51,996**
Projects			
800852 YWCA Silicon Valley	17,195	17,195	-
803501 CDBG Housing Rehabilitation Revolving Loan Fund	45,568	15,568	30,000
803601 Sunnyvale Community Services	75,000	75,000	-
812701 Home Access, Paint, Emergency Repair, and Energy-Efficiency	71,530	52,530	19,000
820631 ADA Curb Retrofit and CDBG Sidewalk Replacement	681,163	681,163	-
822911 Columbia Neighborhood Center Facility Expansion	723,410	723,410	-
825920 Bill Wilson Center	21,290	21,290	-
827200 Outreach and Transportation Assistance for Seniors	28,659	28,658	1
827212 EHC Life Builders: Shelter at Sunnyvale Armory	4,719	4,719	-
827221 Family & Children's Services-Columbia Center	18,728	18,728	-
828130 Homelessness Prevention	246	246	-
828450 MayView Community Health Center	16,376	16,376	-
828740 Micro-Enterprise Assistance	79,797	79,797	-
828830 Homestead Park	577,300	460,819	116,481
Total Projects	**2,360,980**	**2,195,498**	**165,482**
Total Appropriations	**2,944,131**	**2,722,679**	**221,452**
Project Carryovers	-	165,481	(165,481)
Total	**2,944,131**	**2,888,160**	**55,971**

Fund 141 - Park Dedication Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Non-Departmental			
7900 Capital Projects Fund - General Assets	$ 5,184,344	$ 946,212	$ 4,238,133
7900 Infrastructure Fund - General Assets	5,317,221	461,964	4,855,257
7900 Infrastructure Fund - Community Recreation Assets	374,879	223,963	150,915
7900 Infrastructure Fund - Project Management Services	490,498	429,140	61,358
Total Non-Departmental	**11,366,942**	**2,061,279**	**9,305,664**
Projects			
821001 City Owned Properties - Adjacent to Parks	15,793	23,452	(7,659)
Total Projects	**15,793**	**23,452**	**(7,659)**
Total Appropriations	**11,382,736**	**2,084,730**	**9,298,005**
Deferred Transfers Out	-	6,698,656	(6,698,656)
Total	**11,382,736**	**8,783,386**	**2,599,349**

Fund 175 - Asset Forfeiture Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Public Safety			
471 Police Services	$ 2,120	$ 1,884	$ 236
Total Public Safety	2,120	1,884	236
Total Operating Programs	**2,120**	**1,884**	**236**
Non-Departmental			
7900 General Fund - General	93,450	90,244	3,206
Total Non-Departmental	**93,450**	**90,244**	**3,206**
Projects			
819840 Police Services Equipment Acquisition	110,000	23,799	86,201
828150 Police Services Equipment - Cell Phones	38,900	38,900	-
Total Projects	**148,900**	**62,700**	**86,201**
Total Appropriations	**244,470**	**154,827**	**89,643**
Project Carryovers	-	86,201	(86,201)
Total	**244,470**	**241,028**	**3,442**

Fund 190 - Police Services Augmentation Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Projects			
829410 2011 Justice Assistance Grant (JAG)	$ 15,355	$ -	$ 15,355
829420 COPS/SLES Grant Spending Plan	330,415	20,852	309,563
Total Projects	**345,770**	**20,852**	**324,918**
Total Appropriations	**345,770**	**20,852**	**324,918**
Total	**345,770**	**20,852**	**324,918**

Fund 210 - Employment Development Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Employment Development			
510 Employment Development	$ 10,447,689	$ 10,373,638	$ 74,051
Total Employment Development	10,447,689	10,373,638	74,051
Total Operating Programs	**10,447,689**	**10,373,638**	**74,051**
Non-Departmental			
7900 General Fund - General	380,494	376,978	3,516
Total Non-Departmental	**380,494**	**376,978**	**3,516**
Total Appropriations	**10,828,183**	**10,750,616**	**77,567**
Total	**10,828,183**	**10,750,616**	**77,567**

Fund 245 - Parking District Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Public Works			
256 Downtown Parking Lot Maintenance	$ 66,579	$ 51,902	$ 14,677
267 Neighborhood Parks and Open Space Management	79,370	82,903	(3,533)
310 Land Development - Engineering Services	4,027	5,274	(1,248)
Total Public Works	149,976	140,080	9,897
Total Operating Programs	**149,976**	**140,080**	**9,897**
Non-Departmental			
7900 General Fund - General	12,533	12,533	-
Total Non-Departmental	**12,533**	**12,533**	**-**
Projects			
824700 Downtown Parking Maintenance Assessment	5,530	5,530	-
827570 Downtown Parking District Major Maintenance	169,260	-	169,260
Total Projects	**174,790**	**5,530**	**169,260**
Total Appropriations	**337,299**	**158,143**	**179,157**
Project Carryovers	-	169,260	(169,260)
Total	**337,299**	**327,403**	**9,897**

Fund 280 - Gas Tax Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Program			
Public Works			
120 Pavement, Traffic Signs and Markings, Street Sweeping, Street Lights, and Roadside Easements	$ 2,050,000	$ 1,898,474	$ 151,526
Total Public Works	2,050,000	1,898,474	151,526
Total Operating Programs	**2,050,000**	**1,898,474**	**151,526**
Non-Departmental			
7900 General Services Fund - Project Management Service	125,067	137,914	(12,847)
7900 Capital Projects Fund - Gas Tax Funded	2,299,272	1,003,434	1,295,838
7900 Infrastructure Fund - General Assets	2,383,652	574,761	1,808,891
Total Non-Departmental	**4,807,991**	**1,716,109**	**3,091,882**
Total Appropriations	**6,857,991**	**3,614,583**	**3,243,408**
Deferred Transfers Out	-	3,103,814	(3,103,814)
Total	**6,857,991**	**6,718,397**	**139,594**

Fund 285 - Transportation Development Act (TDA) Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Non-Departmental			
7900 Capital Projects Fund - General Assets	$ 333,405	$ 75,043	$ 258,362
Total Non-Departmental	**333,405**	**75,043**	**258,362**
Total Appropriations	**333,405**	**75,043**	**258,362**
Deferred Transfers Out	-	190,979	(190,979)
Total	**333,405**	**266,022**	**67,383**

Fund 295 - Youth and Neighborhood Services Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Library and Community Services			
527 Youth and Family Services	$ 753,721	$ 796,088	$ (42,368)
Total City Manager	753,721	796,088	(42,368)
Total Operating Programs	**753,721**	**796,088**	**(42,368)**
Total Appropriations	**753,721**	**796,088**	**(42,368)**
Total	**753,721**	**796,088**	**(42,368)**

City of Sunnyvale
Year-end Appropriations Report
Fiscal Year Ending June 30, 2012

Fund 315 - Redevelopment Agency Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Finance			
705 Financial Management and Analysis	$ 156,260	$ 105,705	$ 50,555
Total Finance	156,260	105,705	50,555
City Attorney			
750 Comprehensive Legal Services	190,341	45,672	144,669
Total City Attorney	190,341	45,672	144,669
799 Non-Programatic	5,789,176	6,985,931	(1,196,755)
Total Operating Programs	**6,135,778**	**7,137,308**	**(1,001,530)**
Non-Departmental			
7900 General Fund - General	25,755	15,849	9,906
7900 1992 RDA Central Core Project Bonds	609,776	609,417	359
Total Non-Departmental	**635,531**	**625,266**	**10,265**
Projects			
814950 Redev Plan Project Area: Econom Analysis	125,000	1,063	123,937
824570 Outside Counsel Services for RDA	236,340	15,591	220,749
826700 Town Center Site Investigation/Remediation of Hazmat	1,830,460	37,661	1,792,799
Total Projects	**2,191,800**	**54,315**	**2,137,485**
Total Appropriations	**8,963,109**	**7,816,889**	**1,146,219**
Project Carryovers	-	409,441	(409,441)
Total	**8,963,109**	**8,226,331**	**736,778**

Fund 330 - Governmental Funds - City Debt Service

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Debt Service			
011550 2001 Government Center COP Debt Service	$ 1,063,369	$ -	$ 1,063,369
011551 2009 Government Center COP Debt Service	-	691,483	(691,483)
Total Debt Service	**1,063,369**	**691,483**	**371,886**
Total Appropriations	**1,063,369**	**691,483**	**371,886**
Total	**1,063,369**	**691,483**	**371,886**

Fund 335 - Redevelopment Agency Debt Service Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Debt Service			
011900 2003 Central Core Tax Allocation Bonds	$ 612,726	$ 611,872	$ 854
010510 1998 Parking Lease COPs	1,212,078	1,207,848	4,230
Total Debt Service	**1,824,804**	**1,819,720**	**5,084**

Fund 385 - Capital Projects Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Non-Departmental			
7900 General Fund - General	$ 21,416	$ 21,416	$ -
7900 Capital Projects Fund - Gas Tax Funded	91,027	-	91,027
7900 Capital Projects Fund - General Assets	2,228,205	456,826	1,771,379
7900 General Services Fund - Project Management Services	14,087	9,340	4,747
7900 Infrasturcture Fund - General Assets	785,959	123,006	662,953
Total Non-Departmental	**3,140,695**	**610,588**	**2,530,107**
Projects			
Subfund 100 - General Assets			
808352 Morse Avenue Neighborhood Park Development	5,163,911	939,927	4,223,985
825610 Fair Oaks Avenue Overhead Bridge	2,011,583	17,936	1,993,648
826570 Tasman/Fair Oaks Area Streetscape and Sense of Place	177,433	14,896	162,537
826730 Underground Overhead Utilities	184,112	8,120	175,992
826780 Downtown-Related Construction Mitigation	20,628	-	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	24,727	24,552	175
826820 Town Center Traffic Signal Modifications	744,914	-	744,914
827171 Sunnyvale Golf Course Continuous Cart Paths	21	21	-
828161 Residential and School Area Sidewalks	908,731	125,319	783,412
828590 Mary Avenue Street Space Allocation Study	60,777	22,803	37,973
828600 Borregas Avenue Bicycle Lanes	41,733	41,733	-
828610 Concrete Reconstruction	900,606	24,549	876,057
828620 Light Emitting Diode (LED) Streetlight Retrofit	946,957	946,957	-
828670 Downtown Streetscape Improvements	1,706,163	1,606,163	100,000
828900 Hendy Avenue Complete Street Project	2,742,764	286,483	2,456,282
828910 Sunnyvale Avenue/Old San Francisco Road Left Turn Project	743,805	151,505	592,300
829200 Stevens Creek Trail Feasibility Study	149,705	-	149,705
829270 Remington Drive/Bernardo Ave Traffic Signal	731,200	41,286	689,914
829290 Pastoria Avenue Bicycle Lanes	106,250	-	106,250
829300 West Channel Trail Conceptual Design Study	95,000	-	95,000
829320 Downtown Streetscape Improvements Phase II	743,000	31,776	711,224
829370 Safe Routes to School and Neighborhood Guided Bike Routes	200,730	730	200,000
829440 Land Acquisition Due Dilligence	20,000	6,285	13,715
Total Subfund 100 - General Assets	20,012,921	4,291,040	15,721,881
Project Carryovers	-	15,671,881	(15,671,881)
Total Subfund 100 - General Assets	20,012,921	19,962,921	50,000
Subfund 600 - Gas Tax			
822710 Mathilda Avenue Railroad Overpass Improvements	20,322,473	8,700,227	11,622,246
826850 Calabazas Creek Bridge at Old Mt. View-Alviso Rd	3,450,883	7,272	3,443,611
829040 School Transportation Demand Management Project	64,780	-	64,780
Total Subfund 600 - Gas Tax	23,838,136	8,707,499	15,130,637
Project Carryovers	-	15,130,637	(15,130,637)
Total Subfund 600 - Gas Tax	23,838,136	23,838,136	-

Fund 385 - Capital Projects Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Subfund 950 - Traffic Mitigation Projects			
816000 Future Traffic Signal Construction/Modification	717,581	3,919	713,662
827630 Safe Routes to Schools City-wide Projects	41,329	41,329	-
Total Subfund 950 - Traffic Mitigation Projects	758,910	45,248	713,662
Project Carryovers	-	713,662	(713,662)
Total Subfund 950 - Traffic Mitigation Projects	758,910	758,910	-
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	836,814	-	836,814
Project Carryovers	-	836,814	(836,814)
Total Subfund 960 - Transportation Impact	836,814	836,814	-
Subfund 980 - Capital Projects Fund/Prop 1B Transportation Bond Local Streets And Roads Sub-Fund			
828180 Homestead Road Pavement Overlay	21,833	21,833	-
828570 Sunnyvale Avenue Rehabilitation from Arques to Hazelton	934	934	-
Total Subfund 980	22,766	22,766	-
Total Subfund 980 - Transportation Impact	22,766	22,766	-
Total Projects	**45,469,547**	**13,066,554**	**32,402,994**
Total Appropriations	**48,610,242**	**13,677,142**	**34,933,100**
Total Project Carryovers	-	32,352,994	(32,352,994)
Total Deferred Transfers Out	-	2,393,887	(2,393,887)
Total	**48,610,242**	**48,424,023**	**186,219**

Fund 460 - Water Supply and Distribution Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Debt Service			
011703 Water Bonds 2001 Series A	$ 1,874,900	$ 1,880,148	$ (5,248)
011603 Government Center COP	77,308	39,988	37,320
Total Debt Service	**1,952,208**	**1,920,136**	**32,072**
Operating Programs			
Environmental Services			
360 Water Resources	25,854,396	23,264,424	2,589,972
7900 Loan Repayment to General Fund	351,700	351,700	-
Total Environmental Services	26,206,096	23,616,124	2,589,972
Total Operating Programs	**26,206,096**	**23,616,124**	**2,589,972**
Non-Departmental			
7900 General Services Fund - Project Managment Services	361,702	336,964	24,738
7900 General Fund - General	2,822,113	2,726,651	95,462
7900 Infrastructure Fund - General Assets	7,601	-	7,601
7900 Liability and Property Insurance Fund	113,147	113,147	-
Total Non-Departmental	**3,304,563**	**3,176,762**	**127,801**
Projects			
815203 Replacement of Water/Sewer Sprv. Control System	393,073	46,233	346,840
819771 Utility Maintenance Management System	91,677	18,097	73,580
825241 Equip. Replacement at 6 Hetch-Hetchy Connections	99,335	99,137	197
825251 Mary/Carson Water Plant Mechanical Reconstructions	120,000	171	119,829
825301 Pressure Reducing Valve Replace. & Reloc.- SCADA	140,000	5,213	134,787
825411 Hamilton Plant Emerg. Generator & Mech. Reconst	-	4,112	(4,112)
825431 Well Connections to Transmission Main	3,206	3,206	-
825451 City-wide Water Line Replacement	610,336	677,143	(66,807)
825471 New Well Feasibility Study	135,000	-	135,000
825501 Wright Ave Water Plant Mechanical Reconstruction	439,270	138,614	300,656
827180 Automation of Water Meter Reading	264,930	220,291	44,639
828190 Encinal and Fair Oaks Parks Rec. Water Conversion	21,668	21,668	-
828970 Raynor Well Rehabilitation	400,000	245,017	154,982
829450 Recycled Water Inter-connect Santa Clara	200,000	-	200,000
829460 Recycled Water System Master Plan	258,750	58,180	200,570
Total Projects	**3,177,244**	**1,537,082**	**1,640,162**
Total Appropriations	**34,640,110**	**30,250,104**	**4,390,007**
Project Carryovers	-	1,711,080	(1,711,080)
Total Deferred Transfers Out	-	104,173	(104,173)
Total	**34,640,110**	**32,065,356**	**2,574,754**

Fund 465 - Wastewater Management Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Debt Service			
011706 2010 Wastewater Revenue Bonds	$ 2,849,503	2,855,140	$ (5,637)
011604 Government Center COP	53,073	27,451	25,622
Total Debt Service	**2,902,576**	**2,882,592**	**19,984**
Operating Programs			
Environmental Services			
361 Storm Water Collection System	392,397	346,842	45,555
362 Sanitary Sewer Collection System	1,754,222	1,769,764	(15,542)
365 Wastewater Management	12,234,681	11,537,028	697,653
799 Non-Programmatic	2,436,284	2,436,284	-
Total Environmental Services	16,817,584	16,089,918	727,666
City Attorney			
750 Comprehensive Legal Services	30,288	75	30,213
Total City Attorney	30,288	75	30,213
Total Operating Programs	**16,847,872**	**16,089,993**	**757,879**
Non-Departmental			
7900 Liability and Property Insurance Fund	270,012	270,012	-
7900 General Fund	2,617,445	2,521,982	95,463
7900 Utilities Fund - Water	266,075	33,744	232,331
7900 Utilities Fund - Refuse	2,044,731	2,030,042	14,688
7900 Capital Projects Fund - General Assets	264,236	109,433	154,803
7900 Infrastructure Fund - General Assets	53,707	-	53,707
7900 General Services Fund - Fleet Services	140,000	140,000	-
7900 General Services Fund - Project Management Services	526,587	663,897	(137,311)
Total Non-Departmental	**6,182,793**	**5,769,111**	**413,681**
Equipment			
20201 Wastewater Equipment	347,452	347,452	-
Total Equipment	**347,452**	**347,452**	**-**
Projects			
804703 Storm Drain Pipes, Manholes, and Laterals Replacement	6	7	(1)
805253 Sewer Pipes, Manholes, and Laterals Emergency Replacement	1,336	1,336	-
822762 Storm Pump Station Number 2 Rehabilitation	100,000	80,572	19,428
824301 Rehabilitation of Digesters	200,000	260,752	(60,752)
824341 Wastewater Cost of Service Study	48,000	21,952	26,048
825141 Air Floatation Tanks Rehabilitation	1,000,000	725,831	274,169
825321 Replacement/Rehabilitation of Sanitary Manholes	177,029	11,613	165,415
825331 Replacement/Rehabilitation of Sewer Pipes	1,203,776	1,467,180	(263,404)
825521 Pond Sediment Removal	600,000	849,138	(249,138)
825751 Sewer Lift Stations Rebuild	40,000	23,286	16,714
825961 SCVURPPP Contracting and Fiscal Agent	9,753	15,292	(5,539)
827020 Emergency Bypass Pumping	85,000	73,279	11,721
827030 WPCP Strategic Infrastructure Plan	30,613	30,613	-
827050 Sanitary Sewer Collection System Master Plan	465,000	123,505	341,495
827060 Sulfur Dioxide (SO2) Equipment Replacement	44,334	34,844	9,490
828200 Parks Ornamental Pond Overflow Connection To Sanitary Sewer	185,130	363	184,768
828210 Pretreatment Handheld Data Entry Device Project	200,000	-	200,000
828240 Replacement of Temporary Buildings at the WPCP	93,913	93,913	-
828960 Mode 1 Study	85,671	35,194	50,477
829080 Storm System Trash Capture Devices	40,000	-	40,000
829430 WPCP Chlorine Conversion	400,000	-	400,000

Fund 465 - Wastewater Management Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Total Projects	**5,009,560**	**3,848,670**	**1,160,890**
Total Appropriations	**31,290,253**	**28,937,818**	**2,352,435**
Project Carryovers	-	1,739,725	(1,739,725)
Deferred Transfers Out	-	504,008	(504,008)
Total	**31,290,253**	**31,181,552**	**108,701**

Fund 485 - Solid Waste Management Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Debt Service			
011605 2001 Government Center COP Dbt Srv Fund	$ 78,562	$ 40,637	$ 37,925
011803 SV Share of Solid Waste Revenue	1,622,954	1,572,497	$ 50,458
Total Debt Service	**1,701,516**	**1,613,133**	**88,383**
Operating Programs			
Environmental Services			
363 Solid Waste Management	29,692,767	30,575,104	(882,337)
799 Non-Programmatic	1,921,684	1,921,685	(1)
Total Environmental Services	31,614,451	32,496,789	(882,338)
City Attorney			
750 Comprehensive Legal Services	1,040	-	1,040
Total City Attorney	1,040	-	1,040
Total Operating Programs	**31,615,491**	**32,496,789**	**(881,298)**
Non-Departmental			
7900 General Services Fund - Project Management Services	46,070	41,252	4,818
7900 General Fund - General	2,578,438	2,578,438	-
7900 Infrastructure Fund - General Assets	222	-	222
7900 Liability and Property Insurance Fund	7,825	7,825	-
Total Non-Departmental	**2,632,555**	**2,627,515**	**5,040**
Projects			
801351 Sunnyvale Contribution to SMaRT Station Equipment Rep. Fund	104,316	104,316	-
824251 Landfill Gas System Response to New Regulations	36,762	20,875	15,887
825121 SMaRT Station Office Addition	300,000	44,493	255,507
825911 Landfill Gas Flare and Blowers Replacement	772,780	80,827	691,953
828050 JPA for Countywide Recycling and Source Reduction Program	50,000	-	50,000
828250 Zero Waste-Waste Characterization Study and Strategic Plan	86,038	53,703	32,335
828980 CEQA for Single-Use Bag Ordinance	89,462	60,085	29,377
Total Projects	**1,439,357**	**364,299**	**1,075,058**
Total Appropriations	**37,388,919**	**37,101,736**	**287,183**
Project Carryovers	-	1,075,058	(1,075,058)
Deferred Transfers Out	-	-	-
Total	**37,388,919**	**38,176,794**	**(787,875)**

City of Sunnyvale
Year-end Appropriations Report
Fiscal Year Ending June 30, 2012

Fund 490 - SMaRT Station Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Debt Service			
11801 Solid Waste Bonds Series 2003	$ 1,942,850	$ 1,945,121	$ (2,271)
11805 Solid Waste Bonds Series 2007	756,381	758,106	(1,725)
Total Debt Service	**2,699,231**	**2,703,227**	**(3,996)**
Operating Programs			
Environmental Services			
364 SMaRT Station	24,301,331	28,889,063	(4,587,732)
Total Environmental Services	24,301,331	28,889,063	(4,587,732)
750 Comprehensive Legal Services	5,817	882	4,935
Total City Attorney	5,817	882	4,935
Total Operating Programs	**24,307,148**	**28,889,945**	**(4,582,797)**
Projects			
811250 SMaRT Station Equipment Replacement	1,651,164	316,939	1,334,225
Total Projects	**1,651,164**	**316,939**	**1,334,225**
Total Appropriations	**28,657,543**	**31,910,111**	**(3,252,568)**
Project Carryovers	-	1,334,225	(1,334,225)
Total	**28,657,543**	**33,244,337**	**(4,586,793)**

Fund 525 - Golf and Tennis Operations Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Community Services			
647 Golf Course Operations	$ 3,741,051	$ 3,525,252	$ 215,799
648 Arts and Recreation Programs and Operation of Recreation Facilities	8,275,612	7,768,095	507,517
Total Community Services	12,016,663	11,293,347	723,316
Total Operating Programs	**12,016,663**	**11,293,347**	**723,316**
Non-Departmental			
7900 Liability and Property Insurance Fund	4,081	4,081	-
7900 General Fund	269,149	269,149	-
7900 Community Recreation Fund - Leisure Services	3,587,043	3,146,449	440,594
7900 General Services Fund - Fleet Services	40,000	-	40,000
Total Non-Departmental	**3,900,273**	**3,419,679**	**480,594**
Equipment			
20801 Recreation Equipment	31,278	3,849	27,429
Total Equipment	**31,278**	**3,849**	**27,429**
Projects			
828680 Active Start Program	5,735	1,762	3,973
Total Projects	**5,735**	**1,762**	**3,973**
Total Appropriations	**15,953,949**	**14,718,638**	**1,235,311**
Project/Equipment Carryovers	-	3,973	(3,973)
Total	**15,953,949**	**14,722,611**	**1,231,338**

Fund 595 - General Services Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Equipment			
20600 Furniture	$ 16,500	$ -	$ 16,500
20700 Fleet Equipment	1,340,909	933,028	407,881
21300 Equipment Building Maintenance	53,000	-	53,000
21600 Information Processing Hardware	1,277,654	795,108	482,547
21601 Information Processing Software/ HR/Payroll System	492,677	248,153	244,524
21603 Communications and Office Equipment	116,045	65,613	50,432
21604 Telecommunications Equipment	12,217	7,298	4,920
21605 Office Equipment	12,936	-	12,936
21608 Telecom Franchise Equipment	3,610	3,610	-
21610 KSUN Equipment	230,110	181,351	48,759
21612 Payroll HRIS	91,045	33,068	57,977
Total Equipment	**3,646,703**	**2,267,228**	**1,379,475**
Operating Programs			
Finance			
706 Accounting and Financial Services	75,973	45,899	30,074
Total Finance	75,973	45,899	30,074
Information Technology			
746 Software Application Services and Support	2,389,521	2,288,623	100,898
747 IT Infrastructure Services and Support	2,344,894	2,259,722	85,172
749 Information Technology Department Management and Support Services	1,468,250	1,166,998	301,252
Total Information Technology	6,202,665	5,715,343	487,323
City Manager			
748 Print, Copy, Binder and Mail Services and Support	627,053	532,609	94,444
Total City Manager	627,053	532,609	94,444
Public Works			
309 Capital Project Management and Environmental Sustainability	2,019,265	1,942,234	77,031
709 Facilities Services	3,913,307	3,818,478	94,828
763 Provision of Vehicles and Motorized Equipment	2,973,510	3,060,406	(86,896)
Total Public Works	8,906,082	8,821,118	84,964
799 Non-Programmatic	753,354	753,354	-
Total Operating Programs	**16,565,127**	**15,868,323**	**696,804**
Non-Departmental			
7900 Sunnyvale Office Center	98,137	98,137	-
7900 Youth Services	16,431	16,431	-
7900 General Fund	696,732	696,732	-
7900 Community Recreation - Leisure	61,536	61,536	-
7900 Infrastructure Fund - General Assets	405,475	12,673	392,802
7900 2009 Government Center COP	838,167	432,304	405,863
Total Non-Departmental	**2,116,478**	**1,317,813**	**798,665**

Fund 595 - General Services Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Projects			
824980 Sunnyvale Office Center Site Improvements	12,944	12,944	-
825400 Update of Standard Specifications	12,938	-	12,938
825900 Information Technology Investment Account	53,646	1,317	52,329
Total Projects	**79,527**	**14,261**	**65,267**
Total Appropriations	**22,407,836**	**19,467,625**	**2,940,211**
Project/Equipment Carryovers	-	1,444,743	(1,444,743)
Deferred Transfers Out	-	62,685	(62,685)
Total	**22,407,836**	**20,975,052**	**1,432,783**

Fund 610 - Infrastructure Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Non-Departmental			
7900 General Services Fund - Project Management Services	$ 173,403	$ 180,680	$ (7,277)
7900 Capital Projects Fund - General Assets	355,052	2,057	352,995
Total Non-Departmental	**528,455**	**182,737**	**345,718**
Projects			
Subfund 100 - General Assets			
818100 Public Safety Buildings - Roofs	363,579	363,579	-
818450 Community Center Buildings - HVAC	658	658	-
818550 Park Buildings - Rehabilitation	982,318	19,088	963,231
818700 Corporation Yard Buildings - Rehabilitation	38,491	13,491	25,000
819610 Public Safety Buildings - HVAC	55,208	35,208	20,000
819630 Community Center Buildings - Roof Replacement and Repair	1,281	1,281	-
820120 Repaint Street Light Poles	140,000	6,882	133,118
820130 Routine Resurfacing of City Owned Parking Lots	32,172	32,172	-
820180 Traffic Signal Controller Replacement	138,008	30,981	107,027
820190 Traffic Signal Hardware & Wiring	1,121,150	482,564	638,586
820200 Traffic Signal Light Emitting Diode (LED) Array Replacements	45,000	-	45,000
820270 Playground Equipment Replacement	666,283	154,399	511,884
820280 Park Furniture and Fixtures Replacement	91,040	91,040	-
821330 Park Buildings - Roof Repair and Replacement	1,251	1,251	-
825290 Pavement Rehabilitation	1,473,559	123,006	1,350,553
825340 Street Lights Conduit Replacement	125,296	32,187	93,109
825560 Security Access Control System Replacement	-	(6,225)	6,225
825730 Pedestrian Lighted Crosswalk Maintenance and Replacement	75,400	-	75,400
825740 Battery Backup System for Traffic Signals Maintenance	51,200	22,148	29,052
825850 Swim Pools Infrastructure	39,973	39,973	-
827110 Update of Public Building Long-Range Infrastructure Plan	200,000	-	200,000
828030 Annual Slurry Seal of City Streets	207,000	207,000	-
829110 Facility Safety Upgrades for Fall Protection	55,000	5,493	49,507
829120 Annex Computer Room HVAC Backup Unit	12,123	12,123	-
829130 Community Center Exterior Lighting Upgrades	38,400	62	38,338
829190 Infrastructure Investment	934,574	134,574	800,000
829230 Infrastructure Investment	2,550,000	188,303	2,361,697
Total Subfund 100 - General Assets	9,438,959	1,991,234	7,447,725
Project Carryovers	-	7,441,500	(7,441,500)
Total Subfund 100 - General Assets	9,438,959	9,432,734	6,225
Subfund 500 - Golf and Tennis			
820370 Golf Course Parking Lot Resurfacing	7,800	-	7,800
827160 Tennis Center Court Rehabilitation	223,963	223,963	-
829160 Golf Course Tree Trimming and Removal	110,000	-	110,000
Total Subfund 500 - Golf and Tennis	341,763	223,963	117,800
Project Carryovers	-	117,800	(117,800)
Total Subfund 500 - Golf and Tennis	341,763	341,763	-
Total Projects	**9,780,722**	**2,215,197**	**7,565,525**

Fund 610 - Infrastructure Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Total Appropriations	**10,309,177**	**2,397,934**	**7,911,243**
Total Project Carryovers	-	7,559,300	(7,559,300)
Total Deferred Transfers Out	-	352,995	(352,995)
Total	**10,309,177**	**10,310,229**	**(1,052)**

Fund 640 - Employee Benefits Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
Human Resources			
781 Employee Leave Benefits - Leave Earned	$ 13,274,099	$ 12,638,033	$ 636,066
784 Retirement, Insurances, and Taxes	51,732,250	49,172,338	2,559,912
785 Workers' Compensation Program	3,393,243	3,253,357	139,886
Total Human Resources	68,399,592	65,063,727	3,335,865
Total Operating Programs	**68,399,592**	**65,063,727**	**3,335,865**
Total Appropriations	**68,399,592**	**65,063,727**	**3,335,865**
Total	**68,399,592**	**65,063,727**	**3,335,865**

Fund 645 - Liability and Property Insurance Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Operating Programs			
City Attorney			
750 Comprehensive Legal Services	$ 52,530	$ 184,579	$ (132,049)
Total City Attorney	52,530	184,579	(132,049)
Human Resources			
754 Human Resources	126,272	112,333	13,940
787 City Liability and Property Insurance and Claim Costs	968,767	1,072,081	(103,314)
Total Human Resources	1,095,039	1,184,414	(89,374)
Total Operating Programs	**1,147,569**	**1,368,993**	**(221,424)**
Total Appropriations	**1,147,569**	**1,368,993**	**(221,424)**
Total	**1,147,569**	**1,368,993**	**(221,424)**

Fund 727 - Fremont Pool Permanent Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Non-Departmental			
7900 Comm Rec Fund - Leisure Services	$ 9,151	$ 5,864	$ 3,287
Total Non-Departmental	**9,151**	**5,864**	**3,287**
Total Appropriations	**9,151**	**5,864**	**3,287**
Total	**9,151**	**5,864**	**3,287**

Fund 730 - Swirsky Youth Opportunity Fund

Description	Current Budget	Actual Expenditures	Variance Favorable (Unfavorable)
Non-Departmental			
7900 Comm Rec Fund - Leisure Services	$ 5,520	$ 3,486	$ 2,034
Total Non-Departmental	**5,520**	**3,486**	**2,034**
Total Appropriations	**5,520**	**3,486**	**2,034**
Total	**5,520**	**3,486**	**2,034**

CITY OF SUNNYVALE

MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
JUNE 30, 2012

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CITY OF SUNNYVALE
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2012

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MAZE & ASSOCIATES

MEMORANDUM ON INTERNAL CONTROL

November 21, 2012

To the City Council of
the City of Sunnyvale, California

We have audited the financial statements of the City of Sunnyvale, (the City) for the year ended June 30, 2012, and have issued our report thereon dated November 21, 2012. In planning and performing our audit of the financial statements of the City of Sunnyvale as of and for the year ended June 30, 2012, 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.

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

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.

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MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

2012–01: Upcoming Governmental Accounting Standards Board Pronouncements

The following pronouncements are effective in fiscal year 2012/13:

GASB 60 - *Accounting and Financial Reporting for Service Concession Arrangements*

The objective of this proposed Statement is to establish accounting and financial reporting requirements for service concession arrangements (SCAs), which are a type of public-private or public-public partnership arrangement. As used in this proposed Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental) in which:

a. The transferor conveys to the operator the right and related obligation to provide public services through the operation of a capital asset (referred to in this standard as "facility").

b. The operator collects and is compensated with fees from third parties.

c. The transferor is entitled to significant residual interest in the service utility of the facility at the end of the arrangement.

d. The transferor determines or has the ability to modify or approve what services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services.

Service Concession Arrangements include, but are not limited to:

a. Arrangements in which the operator will design and build a facility and will obtain the right to collect fees from third parties (for example, construction of a municipal complex for the right to lease a portion of the facility to third parties)

b. Arrangements in which the operator will provide an up-front payment or a series of payments in exchange for the right to access an existing facility (for example, a parking garage) and collect fees from third parties for its usage

c. Arrangements in which the operator will design and build a facility (for example, a new tollway), finance the construction costs, provide the associated services, collect the associated fees, and convey the facility to the government at the end of the arrangement.

Disclosures Related to Service Concession Arrangements (SCA)

The following information should be disclosed in the notes to financial statements of transferors and governmental operators for SCAs:

a. A general description of the arrangement in effect during the reporting period, including management's objectives for entering into it and, if applicable, the status of the project during the construction period

b. The nature and amounts of assets, liabilities, and deferred inflows of resources related to an SCA that are recognized in the financial statements

c. The nature and extent of rights retained by the transferor or granted to the governmental operator under the arrangement.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 61 - *The Financial Reporting Entity – Omnibus – An Amendment for GASB Statement No. 14 and No. 34 – Component Unit Focus*

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. **For organizations that previously were required to be included as component units by meeting the fiscal dependency criterion, a financial benefit or burden relationship also would need to be present between the primary government and that organization for it to be included in the reporting entity as a component unit.** Further, for organizations that do not meet the financial accountability criteria for inclusion as component units but that, nevertheless, should be included because the primary government's management determines that it would be misleading to exclude them, this Statement clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. **For component units that currently are blended based on the "substantively the same governing body" criterion, it additionally requires that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management (below the level of the elected officials) of the primary government have operational responsibility (as defined in paragraph 8a) for the activities of the component unit. New criteria also are added to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with resources of the primary government.** The blending provisions are amended to clarify that funds of a blended component unit have the same financial reporting requirements as a fund of the primary government. Lastly, additional reporting guidance is provided for blending a component unit if the primary government is a business-type activity that uses a single column presentation for financial reporting.

GASB 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements:

1. Financial Accounting Standards Board (FASB) Statements and Interpretations
2. Accounting Principles Board Opinions
3. Accounting Research Bulletins of the American Institute of Certified Public Accountants' (AICPA) Committee on Accounting Procedure.

This Statement also supersedes Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, thereby eliminating the election provided in paragraph 7 of that Statement for enterprise funds and business-type activities to apply post-November 30, 1989 FASB Statements and Interpretations that do not conflict with or contradict GASB pronouncements. However, those entities can continue to apply, as other accounting literature, post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements, including this Statement.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 62 - *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements (Continued)*

The provisions of this Statement are organized by topic. Each topic contains provisions derived from FASB and AICPA pronouncements that address the subject matter. The order in which the topics are presented corresponds to the order of the primary locations within the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, where the topics are codified.

The requirements in this Statement will improve financial reporting by contributing to the GASB's efforts to codify all sources of generally accepted accounting principles for state and local governments so that they derive from a single source. **This effort brings the authoritative accounting and financial reporting literature together in one place**, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. It will eliminate the need for financial statement preparers and auditors to determine which FASB and AICPA pronouncement provisions apply to state and local governments, thereby resulting in a more consistent application of applicable guidance in financial statements of state and local governments.

GASB 63 - *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements,* introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

The requirements of this Statement will improve financial reporting by standardizing the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. It alleviates uncertainty about reporting those financial statement elements by providing guidance where none previously existed.

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MAZE & ASSOCIATES

REQUIRED COMMUNICATIONS

November 21, 2012

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, 2012 and have issued our report thereon dated November 21, 2012. 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 2012.

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The following pronouncement became effective but did not have a material effect on the financial statements:

GASB 64 - *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*

Some governments have entered into interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty's credit support provider, commits or experiences either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty's credit support providers, either by amending existing swap agreements or by entering into new swap agreements. When these swap agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income.

Unusual Transactions, Controversial or Emerging Areas: No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during fiscal year 2012.

As discussed in Note 16, pursuant to ABx1 26 adopted by the State of California which was validated by the California Supreme Court on December 28, 2011, the Redevelopment Agency of the City of Sunnyvale has been dissolved and its assets turned over to and liabilities assumed by Successor Agencies effective February 1, 2012. Certain transactions undertaken by the former Redevelopment Agency of the City of Sunnyvale prior to the date of dissolution may be subject to review by the State as discussed in Note 16, but the effect of that review can not be determined as of June 30, 2012.

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.

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

Maze & Associates

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