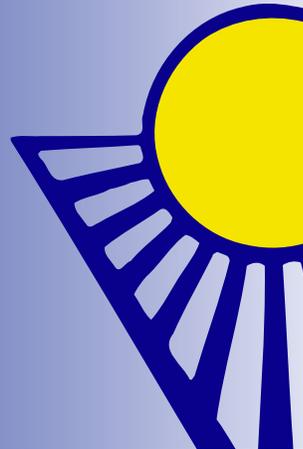


**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**



*For the fiscal year ended June 30, 2005*

*City of Sunnyvale California  
A Commitment to Excellence*

# **Comprehensive Annual Financial Report**

For The Fiscal Year Ended

June 30, 2005



## **City of Sunnyvale**

650 West Olive Avenue

Sunnyvale, California 94086

(408) 730-7380

Prepared by the Department of Finance

Mary J. Bradley, Director of Finance

# **Introductory Section**

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*June 30, 2005*

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*June 30, 2005*

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# City of SUNNYVALE

Department of Finance  
650 West Olive Avenue  
Sunnyvale, California 94086  
408-730-7380

**November 9, 2005**

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*To the Honorable Mayor and Members of the City Council and Citizens of the City of Sunnyvale, California*

We are pleased to submit the City of Sunnyvale's (City) Comprehensive Annual Financial Report for the fiscal year ended June 30, 2005. The City Charter (Section 1318) requires that a licensed certified public accountant conduct an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to City Council. The financial statements are presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards.

Responsibility for the accuracy of the data and the fairness of presentation, including all footnotes and disclosures, rests with the City. We believe the data presented in this report is accurate in all material respects and all statements and disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included. Management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatements.

While traditionally addressed to the governing body of the City, this report is intended to provide relevant financial information to the citizens of the City of Sunnyvale, City staff, creditors, investors and other concerned readers. We encourage all readers to contact the Department of Finance with any questions or comments concerning this report.

The City's financial statements have been audited by Caporicci & Larson, CPAs, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2005, are free of material misstatements. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unqualified opinion which states that the City's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2005***

The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in the City's separately issued Single Audit Reports.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

This report is divided into three sections:

- The **Introductory Section** includes this letter of transmittal, an organizational overview of the City government and prior awards received.
- The **Financial Section** consists of the independent auditors' report, Management's Discussion and Analysis, Basic Financial Statements (which include the Government-Wide Financial Statements, Fund Financial Statements, Notes to the Financial Statements and Required Supplementary Information) and a Supplementary Section containing the Combining and Individual Fund Financial Statements and Schedules.
- The **Statistical Section** includes a number of tables of unaudited data depicting the financial history of the City, demographics and other selected information about the City.

**PROFILE OF THE CITY**

**Basic Information**

The City of Sunnyvale was incorporated December 24, 1912. The original Charter of the City was prepared in accordance with the provisions of Section 8, Article XI of the Constitution of the State of California and became effective on May 18, 1949. The City operates under a Council-Manager form of government. Policy-making and legislative authority are vested with the City Council. There are seven Council Members elected by seat number for staggered four-year terms, with a two-term limit. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments. The City Manager and City Attorney are appointed by the City Council.

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2005***

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**PROFILE OF THE CITY, Continued**

**Component Units**

In defining the reporting entity, we have included the City's component units, which are the Sunnyvale Redevelopment Agency (the Agency) and the Sunnyvale Financing Authority (the Authority). The City Council sits as the Board of the Agency and the Authority. Both the Agency and the Authority are fiscally dependent on the City.

There are no other governmental units over which the City Council has financial accountability.

**Types of Services**

The City provides the full range of municipal services contemplated by its Charter. These include police and fire protection, library services, construction and maintenance of streets, parks, storm drains and other infrastructure, recreational programs and community development activities. The City also operates Water, Wastewater, and Solid Waste municipal utilities.

**Boards and Commissions**

The City utilizes various Boards and Commissions in the conduct of its affairs. A Directory of Boards and Commissions is provided within this report. Boards and Commissions required by the City Charter are:

- Board of Library Trustees
- Heritage Preservation Commission
- Parks and Recreation Commission
- Personnel Board
- Planning Commission

All other boards and commissions were established by the authority of the City Council. These are:

- Advisory Council to the Council on Aging
- Arts Commission
- Bicycle and Pedestrian Advisory Committee
- Board of Building Code Appeals
- Child Care Advisory Board
- Housing and Human Services Commission

Although certain Boards and Commissions have specific powers granted by the City Charter, for the most part all act in an advisory capacity to the City Council.

***Chief Finance Officer's Letter of Transmittal, Continued  
Fiscal Year Ended June 30, 2005***

**PROFILE OF THE CITY, Continued**

**Budget**

The City Charter requires an annual budget review and approval. By council policy, the budget proposed by the City Manager must be balanced for the entire twenty-year financial plan. The long-term nature of the City's financial planning system allows decision makers to better understand the effect of policy decisions to prevent wild swings in service levels during the upturns and downturns of economic cycles.

The legal level of budgetary control is placed by the City Council at the program level, with adjustments between programs within funds allowed below specified thresholds. A separate Budgetary Year-End Financial Report is prepared in December of each year, which presents details to demonstrate compliance at the legal level of control for the previous fiscal year.

The budget process and the governmental funds for which annual budgets are appropriated are described in detail in the Financial Section - Required Supplementary Information portion of this report.

**LOCAL ECONOMY**

Just five years ago, the nation was in the longest economic expansion in U.S. history. The Silicon Valley was booming and the City's finances were buoyed by significant increases in General Fund revenues. Since that time a number of events have occurred nationally and locally that have dramatically altered our financial position. According to the Association of Bay Area Governments (ABAG), over 200,000 jobs were lost in the Bay Area region between 2001 and 2004.

While both the national and state economies appear to have stabilized in 2004, economic growth in the Bay Area continues to be sluggish, particularly in the Silicon Valley. Evidence in the form of our own Sales Tax and Transient Occupancy Tax receipts seems to indicate that our area reached the bottom and began a slow recovery in the third quarter of 2004. Businesses in the local economy for the most part had a healthy year as they continue to achieve gains through increased efficiencies and utilization of excess capacity. However, employment and the commercial real estate market still remain extremely problematic. The recovery in the Bay Area continues to be, in large measure, a "jobless recovery."

After falling to record lows of around 1.3% in 2000, unemployment in Silicon Valley now stands at 4.8%, down from 5.4% from the prior year. Due to the tech-heavy concentration in our region and the resulting permanent loss of jobs, unemployment will likely remain higher here than the rest of the country for the near future, further slowing the pace of an economic turnaround.

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2005***

**LOCAL ECONOMY, Continued**

Consensus among economists is that our Bay Area economy will grow, although at a moderate pace. However, challenges remain, including the continuing structural imbalance in the State budget and the increasing national debt.

**LONG-TERM FINANCIAL PLANNING**

The City continues to be challenged by a severe economic downturn exacerbated by increasing personnel costs and a State budget that is out of balance. The new fiscal reality is most felt in the City's General Fund, which accounts for our basic services and is most affected by economic conditions. It is expected that a structural imbalance between revenues and expenditures will exist in this fund during the first ten years of the planning period. Even with aggressive growth and conservative expenditure assumptions, expenditure reductions or revenue enhancements will be required to maintain a "bare bones" budget.

Among the City's strategies to address its fiscal issues was the reduction of reserves to the minimum required by Council policy, and the review of all areas supported by the General Fund to identify ongoing expenditures that could be more appropriately funded by other funds. Even with elimination of reserves and the shifting of expenses, the General Fund Long Term Financial Plan was imbalanced during the first ten years, largely due to rising costs in retirement contributions and medical insurance. Specific expenditure reductions or revenue enhancements will need to be identified and implemented in the near future.

Described below are two major new projects that will have significant impact on the City's future financial condition.

During this fiscal year, the City approved major new redevelopment in the downtown area. The Forum Development Group will completely redevelop the closed Town Center Mall into an open air shopping, office, and retail center and restore major portions of the original street grid. In addition to the existing Macy's and Target, Forum proposes to build 570,000 square feet of new shops, 275,000 square feet of office space, and 292 for-sale housing units. Once completed, the redevelopment of the Town Center Mall will protect existing revenue streams at the site and will result in increased sales taxes and property taxes.

The completed project is estimated to generate approximately \$2 million per year in new sales tax for the City's General Fund. It is currently estimated that future costs for increased service demands related to the Mall development may total about \$1 million.

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2005***

**LONG-TERM FINANCIAL PLANNING, Continued**

The completed project should generate about \$4 million per year in increased Property Taxes (tax increment payments) to the Redevelopment Agency. The Agency has agreed to return to the developer up to \$4,050,000 per year, plus 50% of any tax receipts above this amount, through the term of the Disposition Development and Owner Participation Agreement. In return the developer will assume all of the Agency's responsibility for providing parking for the project, constructing and maintaining all public streets and sidewalks, and placing at least 1,442 parking spaces underground.

The project will also pay major one-time fees as follows: construction tax of approximately \$450,000; \$1.5 million for construction plan check and inspection services; traffic impact fees of \$1.5 million; park dedication fees of \$1.5 million; and utility connection fees of \$1.4 million.

The Forum Development Group has committed to open the retail portion of the project in fall 2007.

Another major project that the City has included in its long-range financial planning is the Mathilda Avenue Railroad Overpass Replacement and Reconfiguration.

The State of California Department of Transportation (Caltrans) inspects bridges throughout the state every other year for structural adequacy and functional operation. They have been doing this bi-annual inspection for many years and the reports are given to the City to address any corrective action that is documented. These reports are used as the basis for the City's maintenance efforts on bridges and included as part of the overall infrastructure management program.

As per the latest Caltrans inspection report, the current Mathilda Avenue Railroad Overpass bridge design does not meet bridge pier clearance standards, deceleration lane design standards, shoulder width standards, and bridge railing standards. These deficiencies create potential hazards to the public, and present a potential liability issue for the City.

City staff has successfully secured federal funds with 20% local match for removing the deficiencies and improving traffic circulation on the bridge. A conceptual layout of the improvement proposal with a preliminary cost estimate of \$17.5 million for the project has been submitted to Caltrans for funding purposes. The requirement of 20% local match translates to a maximum federal share of \$14 million with the City's share of \$3.5 million. However, Caltrans has indicated to City staff that a limit of \$10 million of Federal Highway Bridge Rehabilitation and Replacement funding is placed on this project at this time. This would require the City to commit to a match of \$7.5 million, while only \$3.5 million is currently budgeted. This would leave a funding shortfall of \$4 million. Caltrans has also indicated to City staff that increased funding requests are considered on a case by case basis upon completion of project design. City staff is continuing to work with Caltrans to increase funding. If this additional outside funding is not forthcoming, staff would not recommend that the project go forward in its current form.

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2005***

**LONG-TERM FINANCIAL PLANNING, Continued**

The adopted FY 2005/2006 Budget includes the Mathilda Avenue Railroad Overpass project unchanged at the \$17.5 million project cost. As design work and negotiations with Caltrans continue, this project estimate will be modified to reflect the actual funding level and funding sources. As indicated above, additional City funds may be needed to fully construct this project. The project is currently undergoing environmental review. The level of environmental review is likely to be greater than originally anticipated in the project scope, which will delay the project and potentially increase costs.

**RELEVANT FINANCIAL POLICIES**

Multi-year financial planning allows the City to recognize trends over time and begin at an early point to consider the necessary steps to alter the long-term forecasted position of a particular fund should that appear necessary. The reserves and set-asides contained in the General Fund's Long-Term Financial Plan play a pivotal role in the City's multi-year planning strategy.

Most of the City's reserves are established in accordance with policy adopted in the Fiscal Sub-Element of the General Plan. Policy 7.1B.8: states:

“Reserves: Provide a prudent level of reserves for future unexpected expenses and revenue declines; to accumulate funds to support future planned capital improvements, and to level high and low expenditure years in the Ten-Year Resource Allocation Plan.”

The City currently has four designated reserves that are to be used according to the policy above:

- Contingency Reserve: to be used only in case of emergency or disaster and not intended for normal unanticipated expenditures.
- Service Level Contingency Reserve: to provide funds for one-time increased service levels.
- Non-Recurring Events Reserve: to be used for significant high-priority capital and special projects by using one-time funds resulting from greater than anticipated revenues during the boom years.
- 20-Year Resource Allocation Plan Reserve: All remaining fund balances not otherwise reserved or designated are designated for this purpose.

*Chief Finance Officer's Letter of Transmittal, Continued*  
*Fiscal Year Ended June 30, 2005*

**RELEVANT FINANCIAL POLICIES, Continued**

**The 20-Year Resource Allocation Plan (RAP) Reserve**

This reserve functions to levelize economic cycles from year to year. By letting this reserve vary each year, the fund can absorb the cyclical effects of the economy and specifically plan for project-related expenditures. In essence, this reserve grows during periods of economic growth and is drawn down during the low points of economic cycles to maintain stable service levels. The 20-Year RAP Reserve functions very effectively to prevent us from adding services at the top of the economic cycle that cannot be sustained while allowing us to maintain Council-approved services levels during economic downturns. This is in sharp contrast to jurisdictions which greatly increase spending during strong economic cycles and make draconian expenditure reductions in the face of revenue shortfalls.

The function of the 20-Year RAP Reserve and its strength has been particularly apparent in the last several years as the City has struggled with the rapid economic downturn in the region. In prior years when the City was experiencing strong economic growth, the reserve was building up over time to the \$61 million level reached in FY 2002/2003. Then, as the effects of the economic downturn began to be fully felt, the reserve was available to provide a "cushion" to maintain City services at desired levels. In FY 2003/2004 budget a structural imbalance of \$14-15 million was identified, and a plan consisting of a combination of service level/expenditure reductions and fee increases was implemented to bring the General Fund into balance over the twenty-year planning period. The recommended Long-Term Financial Plan shows the 20-Year Resource Allocation Plan Reserve being drawn down until FY 2011/2012 to reflect the structural imbalance the General Fund is experiencing in those years.

**MAJOR INITIATIVES**

To address its future financial challenges during FY 2004/2005, the City Council pursued increases for two of its tax revenues. The City's Transient Occupancy Tax and Business License Tax rates are lower than those of most of our surrounding communities. An increase in our Transient Occupancy Tax from 8.5% to 9.5% over 3 years would generate about \$600,000. The tax rate would still be below the County average of 10%. The Business License Tax, which currently ranges from \$10 to \$325, is among the lowest in the County and is significantly lower than San Jose's high of \$25,000. Raising this tax could provide \$800,000 in additional funds when fully implemented. These tax rate increases were placed on the November 2005 ballot and approved by the voters. To ease the fiscal impact, the increases are scheduled incrementally over several years.

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2005***

**MAJOR INITIATIVES, Continued**

One additional fiscal strategy to consider which is also not included in the Budget is the review of our land banking policies and sale of City land. During FY 2004/2005, Council provided preliminary direction to sell excess City land that is not tied to City development plans, such as plans for the downtown or the civic center. Significant one-time revenues can be generated from the sale of these excess City land parcels. However, it is recommended that the sale of land be held off pending updates to the City's Open Space and Fiscal Sub-elements, both of which will be revised during FY 2005/2006. It is important that clear policy direction underlie all decisions made, and these two policies will help us in our decisions relating to the use of City land and land proceeds as well as defining the long term view of what is desirable for our community and high quality of life.

**Awards and Acknowledgements**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sunnyvale for its comprehensive annual financial report for the year ended June 30, 2004. This was the nineteenth consecutive year that the City has achieved this prestigious award.

In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

In addition, the City received the California Society of Municipal Finance Officers (CSMFO) Certificate of Award for Outstanding Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2004.

We believe that our current comprehensive annual financial report continues to meet the Certificate program requirements. This report will be submitted to GFOA and CSMFO to determine its eligibility for another certificate.

The City of Sunnyvale also received the Distinguished Budget Presentation Award from GFOA for the City's adopted budget for the fiscal year ended June 30, 2004. This was the sixteenth consecutive year that the City has received this award. In order to qualify for the award program, the City's budget document was judged to be proficient in four categories including policy document, financial plan, operations guide, and communications device. In addition to qualifying for the award this year, our budget received the "special performance measures" recognition because we were rated outstanding by all raters in the performance measures category.

***Chief Finance Officer's Letter of Transmittal, Concluded  
Fiscal Year Ended June 30, 2005***

**Awards and Acknowledgements, Continued**

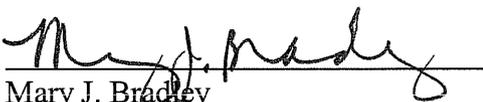
For the past seven fiscal years, the City's investment policy has received certification by the Association of Public Treasurers (Association), formerly called the Municipal Treasurer's Association of the United States and Canada. The Association provides professional guidance and assistance in improving investment policies in the public sector. At least three experts in the field review the investment policies and those jurisdictions that comply with Association's criteria are presented with the Association's Written Investment Policy Certification.

The preparation of this Comprehensive Annual Financial Report could not have been accomplished without the professional, efficient, and dedicated service of the staff of the Department of Finance. In particular I would like to express my appreciation to the following members of the Finance Department who contributed to the development of this report: Jamie Oei, Senior Accountant, Victoria Hernandez and Luis Cuellar, Accountants, Rebecca Vanderstelt, Senior Accounting Technician, Toni Tognetti, IT Coordinator, and Tim Kashitani, Administrative Aide.

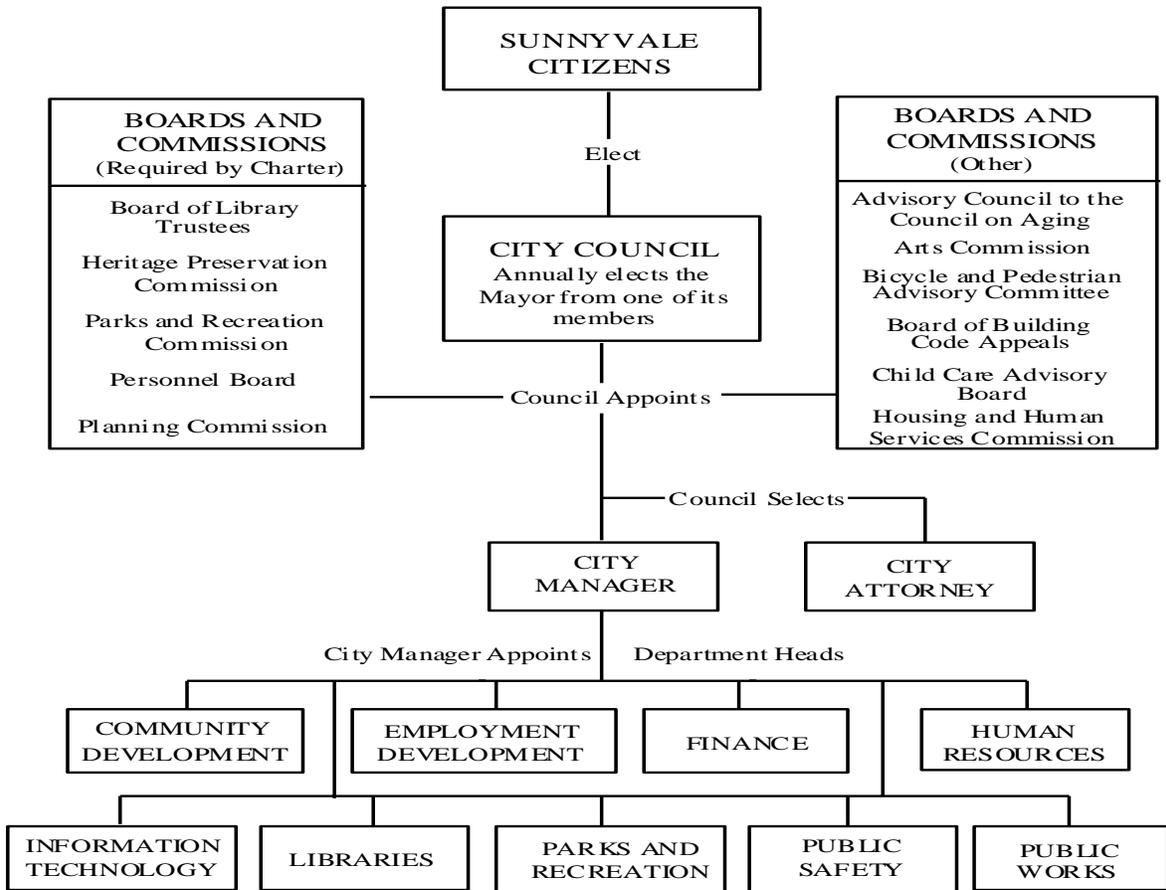
I also wish to thank our auditors, Caporicci & Larson, CPAs, for their cooperation and assistance.

Sincere appreciation is also expressed to the City Manager and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

  
Mary J. Bradley  
Director of Finance

**Organization Chart**



***Directory of Officials***  
***Fiscal Year Ended June 30, 2005***

---

**Dean J. Chu**  
Mayor

**Ron Swegles**  
Vice-Mayor

**John Howe**  
Councilmember

**Frederik Fowler**  
Councilmember

**Otto Lee**  
Councilmember

**Julia Miller**  
Councilmember

**Melinda Hamilton**  
Councilmember

**Amy Chan**  
City Manager

**Deborah Barrow**  
Director of Libraries

**Shawn Hernandez**  
Director of Information Technology

**Curtis Black**  
Acting Director of Parks and Recreation

**Don Johnson**  
Director of Public Safety

**Mary J. Bradley**  
Director of Finance

**Robert Paternoster**  
Director of Community Development

**Mike Curran**  
Director of Employment Development

**Marvin Rose**  
Director of Public Works

**Jane Fleenor**  
Interim Director of Human Resources

**Robert Walker**  
Assistant City Manager

**David Kahn**  
City Attorney

***Directory of Boards and Commissions  
Fiscal Year Ended June 30, 2005***

---

**Advisory Council to the Council on Aging**

McDonough, Nancy

**Arts Commission**

Buchs, Susan  
Draganowski Davis, Monica  
Harper, Wallace  
Obrey, Robert

**Bicycle and Pedestrian Advisory Committee**

Cotton, Cynthia  
Durham, Ralph  
Gras, Gerald  
Jackson, Kevin  
Mayer, Thomas  
Runion, Virginia

**Board of Building Code Appeals**

Faravelli, Ted  
Ghaffary, Darab  
Pal, Nick

**Board of Library Trustees**

Anderson, Pam  
Flaherty, Thomas  
Griffith, James  
Meagher, Kathleen  
Wanigatunga, Roland

**Child Care Advisory Board**

Carmack, Angela  
Gutierrez, Emily  
Jevons, Carole  
Ozdemir, Hilal  
Sell, Jacqueline  
Shea, Maxine  
Vacant

**Heritage Preservation Commission**

Davis, Lisa  
Hopkins, Dawn  
Kausek, Rose  
Love, Neil  
McQueen, Brian

**Housing and Human Services Commission**

Callan, James  
Joshi, M Pradeep  
Pathak, Narendra  
Persyn, Timothy  
Rowan, Elaine  
Seshadri, Jana  
Smith, Nancy  
Steward, Chad  
Tenneti, Prabhakar

**Parks and Recreation Commission**

Arnett, Jeffrey  
Chuck, Howard  
Lawson, Robert  
Locke, Robert  
Pole, Raymond L.

**Personnel Board**

Agabah, Frank  
Bushmann, Karen  
Gans, Werner  
Ketzler, Mark  
Reguerin, Ericka

**Planning Commission**

Babcock, Laura  
Fussell, James  
Hungerford, Charles  
Klein, Larry  
Moylan, Christopher  
Simons, David  
Sulser, Brandon

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Sunnyvale,  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Nancy L. Ziehl*

President

*Jeffrey R. Emer*

Executive Director

*California Society of  
Municipal Finance Officers*

**Certificate of Award**

***Outstanding Financial Reporting 2003-04***

**Presented to the**

***City of Sunnysvale***

*This certificate is issued in recognition of meeting professional standards and criteria in reporting  
which reflect a high level of quality in the annual financial statements  
and in the underlying accounting system from which the reports were prepared.*

***February 24, 2005***

*William A. Stumpf*

**Bill Thomas, Chair  
Professional & Technical Standards Committee**

***Dedicated to Excellence in Municipal Financial Management***



# **Financial Section**



## INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of City Council  
of the City of Sunnyvale  
Sunnyvale, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sunnyvale, California (City), as of and for the year ended June 30, 2005, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with generally accepted accounting principles in the United States.

As described in Note 1 to the basic financial statements, the City implemented Statement of the Governmental Accounting Standards Board No. 44, *Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1)*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2005 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Required Supplementary Information, such as Management's Discussion and Analysis, budgetary comparison information and other information as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the Required Supplementary Information. However, we did not audit the information and express no opinion on it.

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To the Honorable Mayor and Members of City Council  
of the City of Sunnyvale  
Sunnyvale, California  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying supplementary information is presented for purpose of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Introductory and Statistical Section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Capricci & Carson*

Oakland, California  
October 27, 2005

*Management's Discussion and Analysis*

***Management's Discussion and Analysis  
Fiscal Year Ended June 30, 2005***

This portion of the City of Sunnyvale's annual financial report presents management's discussion and analysis of the City's financial activities and performance for the fiscal year ended June 30, 2005. The information presented here should be considered in conjunction with additional information we presented in our transmittal letter in the Introductory Section at the front of this report, and the City's financial statements, which follow.

This is the fourth year the City has prepared its annual financial report in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34. As we fine-tune the implementation of those reporting requirements, we have made some reclassifications between the line items in the originally presented fiscal year 2004 information so that the comparative analysis will be more meaningful. These reclassifications did not change net assets reported in that year. In the condensed comparative statements, fiscal year 2004 numbers have been restated to reflect prior period adjustments as explained in the Notes to the Basic Financial Statements.

***A. FINANCIAL HIGHLIGHTS***

- At June 30, 2005, the City's net assets (excess of assets over liabilities) were \$648.8 million. Of this amount, \$168.0 million may be used to meet the City's ongoing operations.
- During the fiscal year the City's total net assets decreased by \$2.8 million. The City's total expense of \$220.0 million was not fully offset by general revenues, primarily taxes and investment earnings, of \$88.6 million and program revenues of \$128.6 million.
- At June 30, 2005, the City's governmental funds reported combined ending fund balance of \$114.6 million, a decrease of \$14.1 million in comparison with the prior year. Approximately 40% of this total amount, \$46.3 million, all from the General Fund, was designated for the City's 20-Year Resource Allocation Plan, after all other reservations and designations of fund balances. Total General Fund balance was \$109.9 million and total General Fund expenditures were \$98.6 million.
- The City's total liabilities decreased by \$3.3 million during the current fiscal year. The decrease was primarily due to the principal repayment of bonded debt in both governmental and business-type activities.

***B. OVERVIEW OF FINANCIAL STATEMENTS***

This discussion and analysis is intended to serve as an introduction to the City of Sunnyvale's basic financial statements. The City's basic financial statements consist of three components: 1) Government-Wide Financial Statements, 2) Fund Financial Statements, and 3) Notes to the Basic Financial Statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements include the City (primary government) and all legally separate entities (component units) for which the government is financially accountable. The City's component units consist of the Redevelopment Agency of the City of Sunnyvale (Agency) and the Sunnyvale Financing Authority (Authority). These component units are, for practical purposes, departments or programs of the City and have been included in the basic financial statements as an integral part of the primary government using the blended method.

*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2005*

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***B. OVERVIEW OF FINANCIAL STATEMENTS, Continued***

***Government-Wide Financial Statements***

The Government-Wide Financial Statements consist of a Statement of Net Assets and the Statement of Activities and Changes in Net Assets. These statements are designed to present the financial picture of the City and provide readers with a broad view of the City's finances. These statements present governmental activities and business-type activities separately and include all assets of the City (including infrastructure) as well as all liabilities (including long-term debt). Additionally, certain interfund receivables, payables, and other interfund activity have been eliminated as prescribed by GASB Statement No. 34.

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

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Changes in Net Assets presents information showing how the City's net assets changed during the most recent year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of timing of related cash flows. Thus, revenues and expenses are reported in this statement for items that may only result in cash flows in future fiscal periods.

In the Statement of Net Assets and the Statement of Activities and Changes in Net Assets, we separate the City's activities as follows:

*Governmental Activities*—Most of the City's basic services are reported in this category, including Planning and Management, Public Safety, Community Development, Environmental Management, Socioeconomic, Cultural, and Transportation. Property, sales taxes and other taxes, user fees, interest income, franchise fees, and state and federal grants finance these activities.

*Business-Type Activities*—The City charges a fee to customers to cover all or most of the costs of certain services it provides. The City's Water System, Wastewater System, Solid Waste System, SMaRT Station®, and Community Recreation activities are reported as business-type activities.

*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2005*

***B. OVERVIEW OF FINANCIAL STATEMENTS, Continued***

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Sunnyvale uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Some funds are established as required by State law and by bond covenants. However, management establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

The Fund Financial Statements report the City's operations in more detail than the Government-Wide Financial Statements by providing detailed information about the City's most significant funds (called "Major Funds.")

The Fund Financial Statements include statements for each of the three categories of activities. The governmental activities are prepared using the current financial resources measurement focus and modified accrual basis of accounting. The business-type activities are prepared using the economic resources measurement focus and the accrual basis of accounting. The fiduciary activities are agency funds which only report assets and liabilities and do not have a measurement focus.

*Governmental Funds*—Governmental Funds are used to account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, Governmental Funds Financial Statements focus on current financial resources, which emphasize near-term inflows and outflows of spendable resources as well as balances of spendable resources at the end of the fiscal year. This information is essential in evaluating the City's near-term financial requirements.

In order to better understand the City's long-term and short-term requirements, it is useful to compare the City's Governmental Fund Statements with the governmental activities in the Government-Wide Financial Statements. A reconciliation is provided for both the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balances to facilitate this comparison.

The City maintains 23 individual governmental funds. Information is presented separately in the Governmental Fund Financial Statements for the following major governmental funds: General Fund, Employment Development Special Revenue Fund, Redevelopment Agency Debt Service Fund, and City Capital Projects Fund. All other funds are shown in the aggregate as other nonmajor funds.

***Management's Discussion and Analysis, Continued***  
***Fiscal Year Ended June 30, 2005***

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***B. OVERVIEW OF FINANCIAL STATEMENTS, Continued***

***Fund Financial Statements, Continued***

*Proprietary Funds*—The City maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-Wide Financial Statements. The City uses enterprise funds to account for its Water, Wastewater, Solid Waste, SMaRT Station, and Community Recreation operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its General Services, Employee Benefits, and Risk Management operations. Because these services predominantly benefit the governmental rather than business-type activities, they have been included within governmental activities in the Government-Wide Financial Statements.

Proprietary funds provide the same type of information as the Government-Wide Financial Statements, only in more detail. All enterprise funds are presented as major funds. The internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements.

*Fiduciary Funds*—The City is the trustee, or fiduciary, for certain funds held on behalf of external parties. The City's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. These activities are excluded from the City's other financial statements because the resources of these funds are not available to support the City's own programs. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

***Notes to the Basic Financial Statements***

The Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements. The notes follow the basic financial statements.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information. This information includes budgetary comparison schedules, more detailed information regarding the Modified Approach used for reporting the City's infrastructure capital assets, and information concerning the City's progress in funding its obligation to provide pension benefits to its employees.

Combining statements for the nonmajor governmental funds and the Internal Service Funds are presented immediately following the Required Supplementary Information.

**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2005**

**C. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Statement of Net Assets**

Net assets may serve over time as a good indicator of the City's financial position. At the close of fiscal year 2005, assets exceeded liabilities by \$648.8 million. This is a decrease of \$2.8 million from the prior year.

The following is the condensed Statement of Net Assets for the fiscal years ended June 30, 2005 and 2004.

<b>City of Sunnyvale</b>							
<b>Condensed Comparative Statements of Net Assets</b>							
<b>June 30, 2005 and 2004</b>							
<b>(Amounts in Millions)</b>							
	<u>Governmental</u>		<u>Business-type</u>		<u>Total</u>		<u>Total</u>
	<u>Activities</u>		<u>Activities</u>		<u>Total</u>		<u>% Change</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>	
<b>Assets:</b>							
Current and Other Assets	\$ 259.9	\$ 269.7	\$ 15.5	\$ 8.2	\$ 275.4	\$ 277.9	(0.9)%
Capital Assets, Net	397.4	407.7	105.6	98.8	503.0	506.5	(0.7)%
<b>Total Assets</b>	<u>657.3</u>	<u>677.4</u>	<u>121.1</u>	<u>107.0</u>	<u>778.4</u>	<u>784.4</u>	<u>(0.8)%</u>
<b>Liabilities:</b>							
Noncurrent Liabilities	61.1	62.6	50.7	53.1	111.8	115.7	(3.4)%
Other Liabilities	9.4	11.1	8.4	6.1	17.8	17.2	3.5 %
<b>Total Liabilities</b>	<u>70.5</u>	<u>73.7</u>	<u>59.1</u>	<u>59.2</u>	<u>129.6</u>	<u>132.9</u>	<u>(2.5)%</u>
<b>Net Assets:</b>							
Invested in Capital Assets, Net of Related Debt	346.6	361.5	58.9	49.8	405.5	411.3	(1.4)%
Restricted	60.3	58.7	15.0	15.3	75.3	74.0	1.8 %
Unrestricted	179.9	183.5	(11.9)	(17.2)	168.0	166.3	1.0 %
<b>Total Net Assets</b>	<u>\$ 586.8</u>	<u>\$ 603.7</u>	<u>\$ 62.0</u>	<u>\$ 47.9</u>	<u>\$ 648.8</u>	<u>\$ 651.6</u>	<u>(0.4)%</u>

*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2005*

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***C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued***

***Statement of Net Assets, Continued***

At June 30, 2005, the largest portion of net assets (63%) consisted of the City's investment in capital assets net of related debt. This component portrays the total amount of funds required to acquire those assets less any related debt used for such acquisition that is still outstanding. This amount decreased this year by \$5.8 million because depreciation expenses exceeded asset additions. The City uses these capital assets to provide services to citizens. The amount of net assets invested in capital assets, net of related debt, is reported as a distinct component of net assets because this amount is not available for future spending. In addition, although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net assets (11%) represents resources that are subject to external restrictions on how they may be used. The increase in restricted net assets of \$1.6 million in governmental activities reflects the increase in operating grants and contributions while restricted net assets in business-type activities decreased by \$0.3 million due to the drawdown of cash with fiscal agent to spend on wastewater capital projects.

The remaining balance of unrestricted net assets (26%) may be used to finance day-to-day-operations without constraints established by debt covenants or other legal requirements. As in the prior fiscal year, the City was able to report positive balances in all these categories for the City as a whole and for its governmental activities. The business-type activities reported deficit unrestricted net assets in both years, caused by advances from the General Fund to construct facilities and to stabilize utility rates in the long run.

**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2005**

**C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Statement of Activities**

The City's net assets decreased by \$2.8 million (0.1%) during the fiscal year. The following is the condensed Statement of Activities and Changes in Net Assets for the fiscal years ended June 30, 2005 and 2004.

**City of Sunnyvale**  
**Condensed Comparative Statements of Activities and Changes in Net Assets**  
**June 30, 2005 and 2004**  
**(Amounts in Millions)**

	Governmental Activities		Business-Type Activities		Total		Total % Change
	2005	2004	2005	2004	2005	2004	
<b>Revenues:</b>							
Program Revenues:							
Charges for Services	\$ 17.8	\$ 13.6	\$ 90.9	\$ 88.0	\$ 108.7	\$ 101.6	7.0 %
Operating Grants and Contributions	18.3	17.7	-	-	18.3	17.7	3.4 %
Capital Grants and Contributions	1.5	5.2	0.1	0.3	1.6	5.5	(70.9)%
<b>Total Program Revenues</b>	<b>37.6</b>	<b>36.5</b>	<b>91.0</b>	<b>88.3</b>	<b>128.6</b>	<b>124.8</b>	<b>3.0 %</b>
General Revenues:							
Property Taxes	33.1	27.6	-	-	33.1	27.6	19.9 %
Sales and Other Taxes	47.4	47.4	-	-	47.4	47.4	-
Investment Income	6.6	3.8	1.2	0.4	7.8	4.2	85.7 %
Other	0.3	0.8	-	-	0.3	0.8	100.0 %
<b>Total General Revenues</b>	<b>87.4</b>	<b>79.6</b>	<b>1.2</b>	<b>0.4</b>	<b>88.6</b>	<b>80.0</b>	<b>10.8 %</b>
<b>Total Revenues</b>	<b>125.0</b>	<b>116.1</b>	<b>92.2</b>	<b>88.7</b>	<b>217.2</b>	<b>204.8</b>	<b>6.1 %</b>
<b>Expenses</b>							
Planning and Management	15.3	14.0	-	-	15.3	14.0	9.3 %
Public Safety	58.7	55.4	-	-	58.7	55.4	6.0 %
Community Development	22.7	18.8	-	-	22.7	18.8	20.7 %
Transportation	8.8	13.5	-	-	8.8	13.5	(34.8)%
Socioeconomic	12.9	13.9	-	-	12.9	13.9	(7.2)%
Cultural	8.7	8.4	-	-	8.7	8.4	3.6 %
Environmental Management	2.1	2.3	-	-	2.1	2.3	(8.7)%
Water Supply and Distribution	-	-	17.7	17.2	17.7	17.2	2.9 %
Wastewater Management	-	-	16.4	15.0	16.4	15.0	9.3 %
Solid Waste Management	-	-	27.3	27.6	27.3	27.6	(1.1)%
SMaRT Station	-	-	18.1	18.3	18.1	18.3	(1.1)%
Community Recreation	-	-	9.7	9.4	9.7	9.4	3.2 %
Interest on Long-term Debt	1.6	1.5	-	-	1.6	1.5	6.7 %
<b>Total Expenses</b>	<b>130.8</b>	<b>127.8</b>	<b>89.2</b>	<b>87.5</b>	<b>220.0</b>	<b>215.3</b>	<b>2.2 %</b>
Increase in Net Assets before Transfers and Interest on Long-term Debt	(5.8)	(11.7)	3.0	1.2	(2.8)	(10.5)	(73.3)%
Transfers	(11.1)	6.2	11.1	(6.2)	-	-	-
<b>Increase (Decrease) in Net Assets</b>	<b>(16.9)</b>	<b>(5.5)</b>	<b>14.1</b>	<b>(5.0)</b>	<b>(2.8)</b>	<b>(10.5)</b>	<b>(73.3)%</b>
Net Assets - Beginning	603.7	609.2	47.9	52.9	651.6	662.1	(1.6)%
<b>Net Assets - Ending</b>	<b>\$ 586.8</b>	<b>\$ 603.7</b>	<b>\$ 62.0</b>	<b>\$ 47.9</b>	<b>\$ 648.8</b>	<b>\$ 651.6</b>	<b>(0.4)%</b>

**Management’s Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2005**

**C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Governmental Activities:**

The City’s governmental activities decreased net assets by \$16.9 million. Program revenues of \$37.6 million and general revenues of \$87.4 million were not sufficient to fund total program expense of \$130.8 million. Additional resources of \$11.1 million, including capital assets with net book value of \$4.6 million, were transferred to the Water Supply and Distribution Enterprise Fund and Wastewater Management Enterprise Fund. This largely explains the \$16.9 million decrease in net assets of governmental activities. Key elements of this change were as follows:

**Revenue Highlights:**

- Total revenues increased by \$8.9 million from last fiscal year.
- Property Tax revenues increased by \$5.5 million or 20% in fiscal year 2005.
- Total Sales and Other Tax revenues were about the same as fiscal year 2004 (amount in millions):

	<b>Total Sales and Other Tax Revenues</b>		<b>Total % Change</b>
	<b>2005</b>	<b>2004</b>	<b>2005-2004</b>
Sales and Use	\$ 24.9	\$ 23.5	6.0 %
Transient Occupancy	5.1	4.8	6.3 %
Utility Users	5.9	5.9	-
Motor Vehicle License Fees	3.6	6.0	(40.0)%
Construction & Real Property Transfer	2.3	1.6	43.8 %
Franchise Fees	5.4	5.5	(1.8)%
Other Taxes	0.2	0.2	-
<b>Total</b>	<b>\$ 47.4</b>	<b>\$ 47.4</b>	<b>0.0 %</b>

Sales Tax and Transient Occupancy Tax experienced slight increases since both revenue sources are highly dependent on business related activity in the City and have shown indications of growth as economic conditions begin to improve. Motor Vehicle License Fees decreased due to a fee reduction by the State. Construction Tax and Real Property Transfer Tax increased due to the high level of residential housing activity in the City. Franchise Fees slightly decreased in fiscal year 2005.

- Capital Grants and Contributions decreased by 71% mostly due to the completion of City capital projects with grant reimbursements that were received in fiscal years 2003 and 2004.

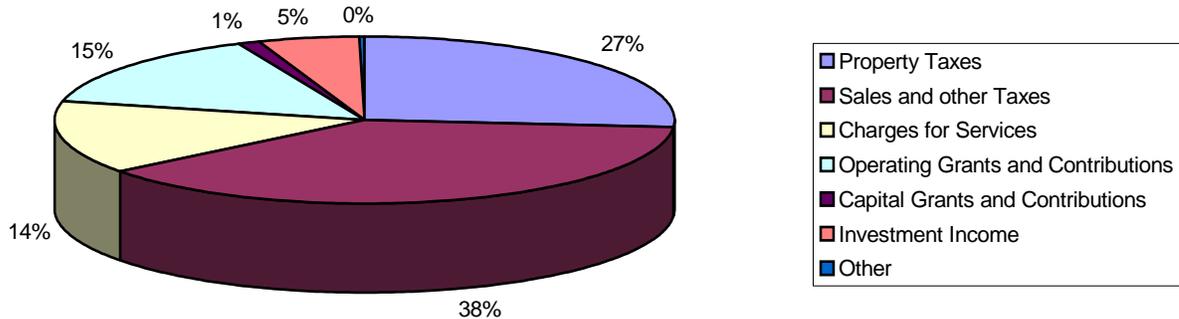
Management's Discussion and Analysis, Continued  
Fiscal Year Ended June 30, 2005

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities, Continued

- Investment income, which is a combination of interest earnings and change in fair value of investments, increased by \$2.8 million or 74% from last fiscal year. Governmental activities' share of interest earnings from the City's portfolio was \$7.1 million. This is \$1.8 million lower than fiscal year 2004 since there were less funds to invest due to the demand for services and project spending. Investment income also includes \$2.5 million of interest earned from long-term advances to business-type activities and other third-party loans. This amount was the same compared to last fiscal year. GASB Statement No 31, "Accounting and Financial Reporting for Certain Investments and for External Investments Pools," requires that investments be stated at fair value at the end of the fiscal year. A significant portion of the City's investment portfolio is in high-quality debt securities sensitive to changes in interest rates. The rising interest rates by the end of fiscal year 2005 resulted in a net decrease of \$3.1 million in the fair value of investments, approximately 1.5% of the portfolio. The changes in fair value of investments do not represent actual gains or losses since the City's policy is to buy and hold investments until their maturity dates.

Governmental Activities  
Revenues by Source  
June 30, 2005



Expense Highlights:

Total expenses for governmental activities were \$129.2 million (not including interest on long-term debt of \$1.6 million). This was higher than last year by \$2.9 million. Expenses on planning and management, public safety, community development and cultural activities increased by \$8.8 million, primarily due to the rising cost of required contribution toward employees' retirement, the increasing demand for services in community development, and accelerated depreciation of capital assets to be replaced in downtown redevelopment projects. Spending on transportation, environmental management, and socioeconomic decreased by \$5.9 million due to the completion of major capital projects in prior years and socioeconomic spending on employment development was reduced to match anticipated grant funding.

*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2005*

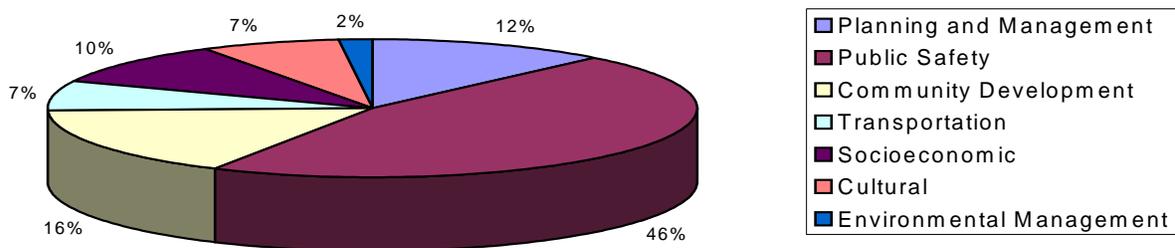
**C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Governmental Activities, Continued**

Program revenues offset total expenditures as follows:

- Those who directly benefited from programs contributed \$17.8 million in charges for services.
- The City was able to fund some of its programs through operating grants and contributions from outside sources or other governments for a total amount of \$18.3 million.
- A total of \$1.5 million in capital projects was funded by outside agencies through capital grants and contributions.

**Governmental Activities  
 Expenses by Function/Program  
 June 30, 2005**



Functional expenses for the years ended June 30, 2005 and 2004 were as follows (amount in millions):

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2005	2004	2004-2005	2005	2004	2004-2005
Planning and Management	\$ 15.3	\$ 14.0	9.3 %	\$ 14.1	\$ 13.8	2.2 %
Public Safety	58.7	55.4	6.0 %	54.5	51.4	6.0 %
Community Development	22.7	18.8	20.7 %	10.4	7.1	46.5 %
Transportation	8.8	13.5	(34.8)%	2.5	6.6	(62.1)%
Socioeconomic	12.9	13.9	(7.2)%	0.1	1.2	(91.7)%
Cultural	8.7	8.4	3.6 %	8.0	7.7	3.9 %
Environmental Management	2.1	2.3	(8.7)%	2.0	2.1	(4.8)%
<b>Total</b>	<b>\$ 129.2</b>	<b>\$ 126.3</b>	<b>2.3 %</b>	<b>\$ 91.6</b>	<b>\$ 89.9</b>	<b>1.9 %</b>

**Management’s Discussion and Analysis, Continued  
Fiscal Year Ended June 30, 2005**

**C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**

**Business Type Activities**

The City’s business-type activities increased net assets by \$14.1 million, compared to last year’s decrease of \$5.0 million. Key elements of this increase were as follows:

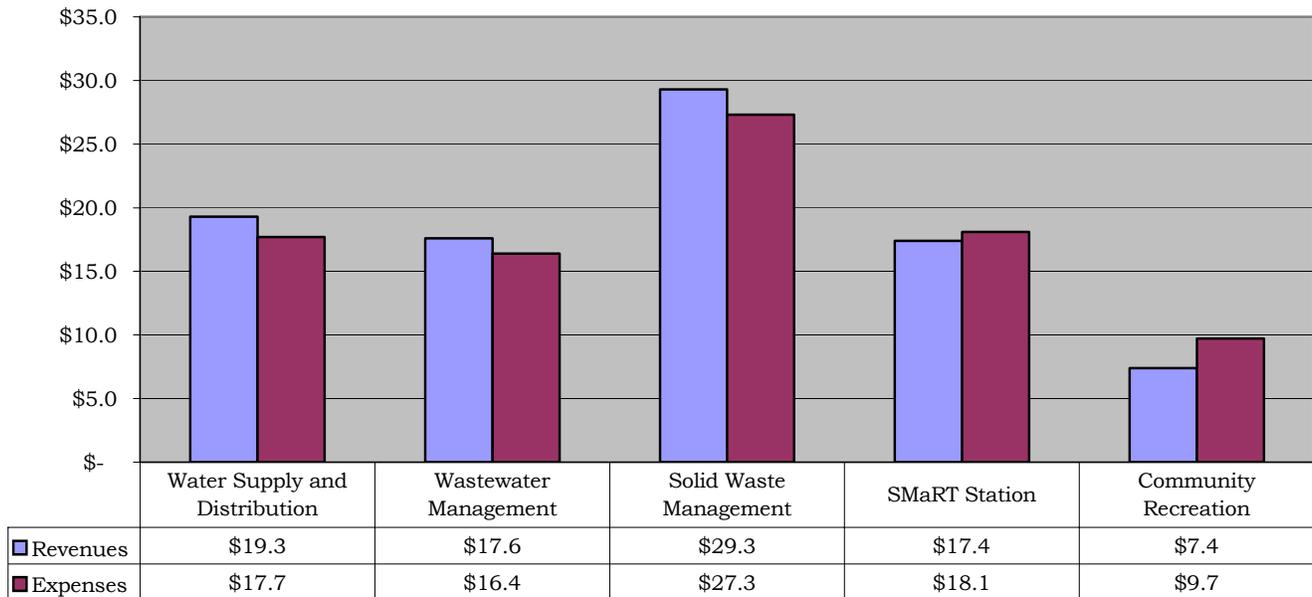
*Revenue Highlights:*

Total revenues in business-type activities increased from last year by \$3.5 million. These increases were primarily in charges for services and investment income.

*Expense Highlights:*

- Total expenses in business-type activities increased from last fiscal year by \$1.7 million. This increase was primarily in Wastewater Management.
- Cost of personnel and contractual services in Wastewater Management increased by \$1.5 million from last fiscal year.

**Business-Type Activities  
Revenues and Expenses  
June 30, 2005**



*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2005*

**D. FUND FINANCIAL STATEMENT ANALYSIS**

As discussed earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

***Governmental Funds***

The State Budget Act of 2004 substantially changed the valuation, distribution method, and timing of three major local government revenues: the sales tax, vehicle license fee, and property tax. In fiscal year 2004-05, the State issued Economic Recovery Bonds as part of the solution to its record budget deficit. As security for these Bonds, the State has temporarily changed the local sales tax allocation from 1% to 0.75% and replaced the reduction of local sales tax with a dollar-for-dollar allocation of local property tax from the County Educational Revenue Augmentation Fund (ERAF.) The exchange mechanism will be in place as long as the Bonds are outstanding. True-up reconciliations between the actual amounts and the State estimates are done each year in October, and the actual property tax distribution is scheduled for January of the following year. The net effect of this exchange on the City is that property tax is remitted twice a year while sales tax is remitted monthly; this causes a reduction in overall interest earnings and a potential cash flow problem.

During fiscal year 2004-05 the State also permanently reduced the Motor Vehicle License Fee (VLF) from 2% to 0.67%. For fiscal year 2004-05, the amount that the City would have gotten from VLF at the 2% rate was calculated and this amount will be added to the property tax base through transfer from the County ERAF. In the following years, the City will receive its portion of VLF at the now-permanent low rate and the increased property tax base will grow according to economic conditions. True-up reconciliations between the actual amount of VLF and the property tax were also done in October 2005 and the difference will be remitted to the City will be made in January 2006 as part of the property tax payment process.

Additional information on the City's revenue recognition policy concerning the impacted revenues can be found in Note 1 to the Basic Financial Statements.

The focus of the City's governmental funds is to provide information on short-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful indicator of a government's net resources available for spending at the end of the fiscal year.

At the end of fiscal year 2005, the City's governmental funds reported combined ending fund balances of \$114.6 million, a decrease of \$14.1 million compared to fiscal year 2004. Of the ending fund balances, \$59.2 million is reserved to indicate that it is not available for appropriation because it has already been committed for various purposes (see Note 13 in the Basic Financial Statements). The remaining \$55.4 million constitutes unreserved fund balance, which is available for spending at the government's discretion. The City designates all its unreserved fund balance for future expenditures.

*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2005*

***D. FUND FINANCIAL STATEMENT ANALYSIS, Continued***

***Governmental Funds, Continued***

The following are the major funds that the City considered important to financial statement users.

**General Fund**

The General Fund is the chief operating fund of the City. At the end of fiscal year 2005, unreserved fund balance of the General Fund was \$72.8 million, while total fund balance was \$109.9 million. Of the unreserved fund balance, \$19.6 million (27%) was designated by City Council policy for contingencies and \$4.9 million for service level stabilization. In addition, \$1.4 million was designated for capital projects to be completed in the future fiscal year and \$0.2 million was designated for future non-recurring events. Finally, \$46.3 million was designated in a 20-year Resource Allocation Plan Reserve to maintain and levelize services during the 20-year financial plan. Given the significant budget challenges that the City faces in the near future, it is expected that these 20-year Resource Allocation Plan funds will be drawn down over an eight-year period to maintain existing City services.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total expenditures. At June 30, 2005, unreserved fund balance was 74% of total General Fund expenditures while total fund balance was 111% of total expenditures.

The fund balance of the City's General Fund decreased by \$4.7 million from fiscal year 2004. Expenditures exceeded revenues by \$6.1 million. Transfers In exceeded Transfers Out by \$1.4 million. Revenues of \$92.4 million were \$10 million higher and expenditures of \$98.5 million were \$6 million higher than those of fiscal year 2004.

**Employment Development Special Revenue Fund**

The Employment Development Special Revenue Fund showed no significant change in fund balance in fiscal year 2005. Since the Fund is highly dependent on federal and state job training grants for revenues, expenditures were kept within the amount of expected revenues.

**Redevelopment Agency Debt Service Fund**

The Redevelopment Agency Debt Service Fund experienced a decrease in fund balance of \$2.5 million at June 30, 2005. In fiscal year 2004, the fund balance decreased by \$2.9 million. These decreases were due to interest accrued on outstanding loans owed to the City General Fund.

**City Projects Capital Project Fund**

The City Projects Capital Project Fund showed a decrease in fund balance of \$1.3 million in fiscal year 2005. The Fund's revenues exceeded expenditures by \$2 million and it also received transfers of \$0.8 million to cover project costs. Approximately \$4 million of financial assets was transferred to the Water Supply and Distribution and Wastewater Management Enterprise Funds.

*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2005*

***D. FUND FINANCIAL STATEMENT ANALYSIS, Continued***

***Proprietary Funds***

The Fund Financial Statements for the City's proprietary funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail. The major factors concerning these funds have already been addressed in the Government-Wide Financial Analysis of business-type activities above.

The following are the proprietary funds with significant changes in net assets:

**Water Supply and Distribution Enterprise Fund**

The Water Supply and Distribution Enterprise Fund's net assets increased by \$4.1 million. The increase was primarily due to capital assets contributions of \$1.6 million (originally paid for by the City Projects Capital Projects Fund) and financial resource contributions of \$2.9 million from the City Projects Capital Projects Fund and the Infrastructure Renovation and Replacement Fund, a nonmajor capital projects fund. Approximately \$2.3 million was transferred to other funds. The Fund's net income before contributions and transfers was \$1.8 million, approximately \$0.5 million less than the prior fiscal year.

**Wastewater Management Enterprise Fund**

The Wastewater Management Enterprise Fund's net assets increased by \$10.9 million. The increase was primarily due to capital assets contributions of \$2.9 million (originally paid for by the City Projects Capital Projects Fund) and financial resource contributions of \$9.5 million from the City Projects Capital Projects Fund and the Infrastructure Renovation and Replacement Fund, a nonmajor capital projects fund. Approximately \$3.3 million was transferred to other funds. The Fund's net income before contributions and transfers was \$1.7 million, \$0.2 million more than the prior year.

**Solid Waste Management Enterprise Fund**

The Solid Waste Management Enterprise Fund's net assets decreased by \$1.1 million. The Fund's operating income of \$3.5 million, investment earnings of \$0.2 million and transfer from other funds of \$0.3 million were not sufficient to offset interest expense of \$1.6 million on advances from the General Fund and transfers of \$3.5 million to other funds.

**SMaRT Station Enterprise Fund**

The SMaRT Station Enterprise Fund's net assets increased by \$0.5 million. The Fund's operating income of \$0.3 million, investment earnings of \$0.1 million and transfer from other funds of \$1 million were sufficient to offset interest expense of \$0.9 million on bonded debt.

***Management's Discussion and Analysis, Continued***  
***Fiscal Year Ended June 30, 2005***

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***D. FUND FINANCIAL STATEMENT ANALYSIS, Continued***

***Proprietary Funds, Continued***

**Community Recreation Enterprise Fund**

The Community Recreation Enterprise Fund's net assets decreased by \$0.3 million. The Fund's operating loss of \$2.3 million and transfers-out for in-lieu charges of \$1.3 million were not fully offset by an operating subsidy of \$3.2 million from the General Fund and the Permanent Funds (nonmajor governmental funds.)

***E. GENERAL FUND BUDGETARY HIGHLIGHTS***

The budgetary comparison schedule for the General Fund is located in the Required Supplementary Information following the Notes to the Financial Statements.

Over the course of the year, the City Council revised the City budget a number of times. These budget amendments fall into two categories:

- Amendments and appropriations approved after the beginning of the year to reflect capital and special project carryovers for unspent appropriations from the prior year for projects that have not been completed.
- New appropriations approved by City Council.

Differences between the original and the final amended budget are due primarily to the reappropriation of funds for capital projects outstanding at June 30, 2004. For fiscal year 2005, \$2.8 million in carryover appropriations and \$0.4 million in various new unanticipated expenditures were appropriated through out the fiscal year. Funding sources included grant revenues, non-current event reserve account and General Fund reserves. The appropriations budget was reduced by \$0.9 million because budgeted salary adjustments did not go into effect. \$0.8 million of this salary savings was transferred to the Internal Service Fund for stabilization of future retirement costs.

Actual charges to appropriations (outflows) for the fiscal year were \$2.2 million under the original budget and \$5.3 million under the amended budget. Most of the unspent funds will be reappropriated in the carryover process for fiscal year 2006.

Resources (inflows) available for appropriations were \$9.0 million above the original budget and \$5.0 million over the final budgeted amounts. During the fiscal year 2005 budget process, revenues were analyzed and amended to more appropriately reflect the actual trends based upon year-to-date information.

*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2005*

**F. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS**

***Capital Assets Including Infrastructure***

Capital assets including infrastructure assets of the City are those assets that are used in the performance of the City's functions. At June 30, 2005, net capital assets of the governmental activities totaled \$397.4 million and the net capital assets of the business-type activities totaled \$105.6 million, including depreciation on capital assets, which is recognized in the Government-Wide Financial Statements.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its Street Pavement system. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following requirements:

- The City manages the eligible infrastructure capital assets using an asset management system which requires that the City (1) perform an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate the annual amounts to maintain and preserve the asset at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

The City Policy is to achieve an average Pavement Condition Index (PCI) rating of 75 for all streets. This rating represents a "Very Good" condition based on a national measurement scale. The average rating for City's streets at June 30, 2005, was 86, which is higher than the City's policy level.

The City's streets are constantly deteriorating as a result of the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair. The City's budget for street maintenance for the fiscal year ended June 30, 2005 was \$2.6 million. Actual expenditures were \$2.4 million. These expenditures delayed deterioration, and helped maintain the overall condition of the streets at a PCI level higher than the City's goal.

**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2005**

**F. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued**

**Capital Assets including Infrastructure, Continued**

The following is a summary of the City's capital assets as of June 30, 2005.

Description	Cost	Accumulated Depreciation	Carrying Value
<b>Capital Assets - Governmental Activities:</b>			
Land	\$ 104.0	\$ -	\$ 104.0
Buildings and Structures	88.2	31.0	57.2
Improvements Other than Buildings	62.4	25.1	37.3
Machinery and Equipment	31.1	19.3	11.8
Construction in Progress	1.8	-	1.8
Infrastructure:			
Nondepreciable	157.8	-	157.8
Depreciable	72.1	44.6	27.5
<b>Total</b>	<b>\$ 517.4</b>	<b>\$ 120.0</b>	<b>\$ 397.4</b>
<b>Capital Assets - Business-Type Activities:</b>			
Land	\$ 16.3	\$ -	\$ 16.3
Buildings and Structures	22.3	19.1	3.2
Improvements Other than Buildings	135.4	55.9	79.5
Machinery and Equipment	0.7	0.5	0.2
Construction in Progress	6.4	-	6.4
<b>Total</b>	<b>\$ 181.1</b>	<b>\$ 75.5</b>	<b>\$ 105.6</b>

During fiscal year 2005, capital assets with net book value of \$4.6 million were transferred from governmental activities to business-type activities to be used by Water Supply and Distribution and Wastewater Management Enterprise Funds. Other additions and deletions of capital assets in both governmental and business-type activities were routine replacements of current capital assets. The most significant spending was \$3.8 million in sanitary trunk sewer replacement that was still in progress as of the end of the fiscal year. No major capital assets were added in fiscal year 2005.

Additional information on capital assets can be found in Note 6 to the Basic Financial Statements.

**Management’s Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2005**

**F. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued**

**Long-Term Obligations**

As of June 30, 2005, the City had outstanding debt issues as listed below. Not included in the following table are the Community Facilities District No.1 Special Tax Bonds, which are backed by property tax levies against property owners, and the Housing Revenue Bonds, which are secured by a deed of trust on the property. The City is not obligated in any manner for these bonds. Each of the City’s other bonds are backed by certain specific revenues or General Fund lease payments and carry respectable ratings. The City’s long-term obligations for the fiscal years 2005 and 2004 were as follows:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
Special Assessment Debt -						
Mary Avenue Improvement	\$ -	\$ 0.3	\$ -	\$ -	\$ -	\$ 0.3
Tax Allocation Refunding Bonds	7.7	7.9	-	-	7.7	7.9
Certificates of Participation	33.6	34.8	-	-	33.6	34.8
Revenue Bonds	-	-	46.7	49.0	46.7	49.0
<b>Total Bonded Debt</b>	<b>\$ 41.3</b>	<b>\$ 43.0</b>	<b>\$ 46.7</b>	<b>\$ 49.0</b>	<b>\$ 88.0</b>	<b>\$ 92.0</b>

In fiscal year 2005, total bonded debt decreased by \$4.0 million through principal retirement, including paying off the 1989 Mary Avenue Improvement Special Assessment Bonds.

Additional information on long-term obligations can be found in Note 7 to the Basic Financial Statements.

**G. ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

In preparing the budget for the next fiscal year the following factors were taken into consideration:

- Revenues of the City have shown modest increases with the highest increases in property tax and construction related revenues such as building permits, plan check fees and construction tax.
- The unemployment rate for the City was 4.8% as compared to 5.4% for the prior year. The continued decline in the local unemployment supports our assumption that the economy appears to have stabilized.
- The inflation rate for the San Francisco Bay metropolitan area at June 30, 2005 was 1.1%, which was lower than the national inflation rate of 2.5% for the same period.

*Management's Discussion and Analysis, Concluded  
Fiscal Year Ended June 30, 2005*

***G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET, Continued***

- The City's expenses have been higher as costs of personnel-related benefits including retirement contributions and medical insurance continue to increase in the past several years.
- The State budget will have a significant effect on the City's future financial position.
- The latest census results for January 1, 2005 show the City's population at 133,086.

All of these factors were considered in preparing the City's budget for the next fiscal year.

Assumptions for the City's major revenue sources reflect their specific business cycles. The recommended budget for fiscal year 2005-06 is projecting measured growth to reflect the fact that the business cycle for most of the City's major revenues is on an upswing. On the expenditure side, the recommended budget assumes salaries and the cost of goods and services will increase modestly.

Along with measured revenue growth and conservative expenditure assumptions, the levels of services included in the budget reflects the reductions made in fiscal year 2003-04, with no further increases. In addition, reserve levels have been reduced to the minimum required by City policy. As a result, while the budget is balanced for fiscal year 2005-06 and over the twenty years, little flexibility remains for responding to unplanned conditions.

During the fiscal year 2005-06 budget process, staff sought to identify all items that could have a negative impact on the City's financial condition, in the short and long term. While several concerns were identified, they are not funded in this budget because the scope and costs are not known at this time or because the funds are simply not available. The fiscal pressures identified include the potential need to expand the Library facility and programming, addressing the General Fund subsidy for the City's Community Recreation Fund, rising employee costs for both salaries and benefits, several major unfunded capital projects such as the civic center replacement or renovation, investing in the organization's employees by providing opportunities for learning and developing skills, and addressing the community's open space issues.

The key for improving the City's financial position and ensuring long term financial stability that is responsive to community needs are fiscal strategies with a three pronged approach: continuous improvements within the organization, expenditure reductions, and revenue enhancements. These strategies were developed in the fiscal year 2005 budget and continue to be pursued for fiscal year 2006.

***H. REQUEST FOR INFORMATION***

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

# **Basic Financial Statements**

*Government-Wide Financial Statements*



**Statement of Net Assets  
June 30, 2005**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Cash and Investments Held by City (Note 2)	\$ 141,841,490	\$ 30,605,912	\$ 172,447,402
Receivables, Net (Note 3)	9,077,327	9,649,228	18,726,555
Inventories and Prepayments	405,131	142,572	547,703
Assets Held for Resale	1,381,077	-	1,381,077
Other Long-term Receivables (Note 3)	2,861,292	-	2,861,292
Long-term Internal Balances	40,910,634	(40,910,634)	-
Deferred Charges (Note 7)	554,268	723,705	1,277,973
Restricted Assets:			
Cash and Investments Held by City (Note 2)	36,490,321	-	36,490,321
Cash and Investments Held by Fiscal Agent (Note 2)	3,624,489	15,039,457	18,663,946
Intergovernmental Receivables (Note 3)	3,173,657	251,908	3,425,565
Housing Loans Receivable, Net (Note 3)	19,584,048	-	19,584,048
Capital Assets (Note 6):			
Land and Nondepreciable Assets	263,637,890	22,678,930	286,316,820
Depreciable Assets, Net	133,802,894	82,888,634	216,691,528
<b>Total Assets</b>	<b>657,344,518</b>	<b>121,069,712</b>	<b>778,414,230</b>
<b>Liabilities:</b>			
Wages Payable	2,761,453	-	2,761,453
Accounts Payable and Accrued Liabilities	3,468,317	7,585,534	11,053,851
Refundable Deposits	2,454,307	242,412	2,696,719
Interest Payable	334,173	556,464	890,637
Deferred Revenues (Note 4)	354,359	-	354,359
Noncurrent Liabilities (Note 7):			
Due Within One Year	11,370,404	2,375,000	13,745,404
Due in More than One Year	49,756,185	48,312,260	98,068,445
<b>Total Liabilities</b>	<b>70,499,198</b>	<b>59,071,670</b>	<b>129,570,868</b>
<b>Net Assets (Note 12):</b>			
Invested in Capital Assets, Net of Related Debt	346,599,686	58,850,578	405,450,264
Restricted for:			
Capital Projects	11,581,107	10,608,757	22,189,864
Debt Service	3,604,676	4,430,127	8,034,803
Specific Projects and Programs:			
Nonexpendable	1,319,666	-	1,319,666
Expendable	43,854,353	-	43,854,353
Total Restricted Assets	60,359,802	15,038,884	75,398,686
Unrestricted Net Assets (Deficit)	179,885,832	(11,891,420)	167,994,412
<b>Total Net Assets</b>	<b>\$ 586,845,320</b>	<b>\$ 61,998,042</b>	<b>\$ 648,843,362</b>

**Statement of Activities and Changes in Net Assets  
Year Ended June 30, 2005**

Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
<b>Governmental Activities:</b>				
Planning and Management	\$ 15,246,494	\$ 1,171,289	\$ 14,050	\$ -
Public Safety	58,718,398	2,556,129	1,709,034	-
Community Development	22,655,401	10,053,715	1,849,630	379,394
Transportation	8,840,928	2,860,362	2,558,252	895,728
Socioeconomic	12,908,470	573,792	12,054,866	188,721
Cultural	8,715,184	600,147	103,423	-
Environmental Management	2,077,224	34,320	-	-
Interest on Long-term Debt	1,624,031	-	-	-
<b>Total Governmental Activities</b>	<b>130,786,130</b>	<b>17,849,754</b>	<b>18,289,255</b>	<b>1,463,843</b>
<b>Business-Type Activities:</b>				
Water Supply and Distribution	17,750,844	19,262,696	-	65,000
Wastewater Management	16,387,168	17,579,583	-	53,000
Solid Waste Management	27,340,378	29,289,397	-	-
SMaRT Station	18,093,665	17,430,855	-	-
Community Recreation	9,675,531	7,372,664	-	-
<b>Total Business-Type Activities</b>	<b>89,247,586</b>	<b>90,935,195</b>	<b>-</b>	<b>118,000</b>
<b>Total Primary Government</b>	<b>\$ 220,033,716</b>	<b>\$ 108,784,949</b>	<b>\$ 18,289,255</b>	<b>\$ 1,581,843</b>

**General Revenues:**

Property Taxes  
Sales and Use Taxes  
Motor Vehicle License Fees  
Franchise Fees  
Other Taxes

Total Taxes

Investment Earnings - Unrestricted (Note 2)

Miscellaneous

**Transfers (Note 11)**

**Total General Revenues and Transfers**

**Change in Net Assets**

**Net Assets - Beginning of Year, Restated (Note 14)**

**Net Assets - End of Year**



**Net (Expense) Revenue  
and Changes in Net Assets**

<u>Total</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ 1,185,339	\$ (14,061,155)	\$ -	\$ (14,061,155)
4,265,163	(54,453,235)	-	(54,453,235)
12,282,739	(10,372,662)	-	(10,372,662)
6,314,342	(2,526,586)	-	(2,526,586)
12,817,379	(91,091)	-	(91,091)
703,570	(8,011,614)	-	(8,011,614)
34,320	(2,042,904)	-	(2,042,904)
-	(1,624,031)	-	(1,624,031)
37,602,852	(93,183,278)	-	(93,183,278)
19,327,696	-	1,576,852	1,576,852
17,632,583	-	1,245,415	1,245,415
29,289,397	-	1,949,019	1,949,019
17,430,855	-	(662,810)	(662,810)
7,372,664	-	(2,302,867)	(2,302,867)
91,053,195	-	1,805,609	1,805,609
\$ 128,656,047	(93,183,278)	1,805,609	(91,377,669)
	33,105,266	-	33,105,266
	24,917,236	-	24,917,236
	3,650,097	-	3,650,097
	5,394,792	-	5,394,792
	13,402,098	-	13,402,098
	80,469,489	-	80,469,489
	6,587,212	1,218,814	7,806,026
	348,495	-	348,495
	(11,071,597)	11,071,597	-
	76,333,599	12,290,411	88,624,010
	(16,849,679)	14,096,020	(2,753,659)
	603,694,999	47,902,022	651,597,021
	\$ 586,845,320	\$ 61,998,042	\$ 648,843,362



## ***Governmental Fund Financial Statements***

The ***General Fund*** accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another fund. The General Fund supports essential City services such as police and fire protection, street maintenance, libraries, and parks and open space maintenance.

The ***Employment Development Fund*** accounts for various Federal funds and program revenues used for workforce development activities conducted by the North Valley Job Training Consortium (NOVA).

The ***Redevelopment Agency Debt Service Fund*** accumulates funds for payment of the Central Core Tax Allocation Refunding Bonds, Series 2003, the 1998 Parking Lease Certificates of Participation, and Advances from the City General Fund. Debt service is financed with incremental property tax revenues and the City's General Fund loan to the Agency in the form of parking lease payments. The Central Core Tax Allocation Bonds, Series 1992 were refunded and paid off in fiscal year 2004 by the issuance of the Central Core Tax Allocation Refunding Bonds, Series 2003.

The ***City Projects Fund*** accounts for City capital projects funded by the General Fund or other governmental funds, or any projects funded by multiple sources.

**CITY OF SUNNYVALE**

**Balance Sheet  
Governmental Funds  
June 30, 2005**

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>Employment Development</b>	<b>Redevelopment Debt Service</b>
<b>Assets:</b>			
Cash and Investments Held by City (Note 2)	\$ 66,595,598	\$ -	\$ -
Cash and Investments Held by Fiscal Agent (Note 2)	-	-	1,928,864
Receivables, Net (Note 3)	7,940,831	3,260	13,650
Intergovernmental Receivables (Note 3)	866,514	754,067	-
Due From Other Funds (Note 5)	92,335	-	-
Advances to Other Funds (Note 5)	95,499,398	-	-
Inventories and Prepayments	324,701	8,717	-
Other Long-term Receivables (Note 3)	4,688,193	-	-
Housing Loans Receivable (Note 3)	-	-	-
Assets Held for Resale	1,381,077	-	-
<b>Total Assets</b>	<b>\$ 177,388,647</b>	<b>\$ 766,044</b>	<b>\$ 1,942,514</b>
<b>Liabilities and Fund Balances:</b>			
<b>Liabilities:</b>			
Accounts Payable and Accrued Liabilities	\$ 1,377,188	\$ 391,511	\$ -
Refundable Deposits	461,485	-	-
Due to Other Funds (Note 5)	-	92,179	-
Advances from Other Funds (Note 5)	-	-	51,193,804
Deferred Revenues (Note 4)	65,633,831	45,581	-
<b>Total Liabilities</b>	<b>67,472,504</b>	<b>529,271</b>	<b>51,193,804</b>
<b>Fund Balances (Note 12):</b>			
<b>Reserved:</b>			
Housing Mitigation	-	-	-
Housing Revolving Fund	-	-	-
Public Safety	-	-	-
Low and Moderate Housing	-	-	-
Restricted Donations	-	228,056	-
Advances to Other Funds Net of Deferred Revenue	32,359,249	-	-
Long-term Receivables Net of Deferred Revenue	2,458,939	-	-
Inventories and Prepayments	324,701	8,717	-
Assets Held for Resale	1,381,077	-	-
Land Acquisition	550,000	-	-
Debt Service	-	-	1,928,864
<b>Total Reserved</b>	<b>37,073,966</b>	<b>236,773</b>	<b>1,928,864</b>
<b>Unreserved, Designated for, Reported in:</b>			
Unrealized Gains	444,232	-	-
Contingencies	19,604,556	-	-
Service Level Stabilization	4,921,529	-	-
Current Capital Projects	1,420,521	-	-
Nonrecurring Events	163,506	-	-
20-Year Resource Allocation Plan	46,287,833	-	-
Special Revenue Funds	-	-	-
Capital Projects Funds	-	-	-
<b>Total Unreserved, Designated</b>	<b>72,842,177</b>	<b>-</b>	<b>-</b>
<b>Unreserved, Undesignated for, Reported in:</b>			
Major Funds	-	-	(51,180,154)
Special Revenue Funds	-	-	-
<b>Total Fund Balances</b>	<b>109,916,143</b>	<b>236,773</b>	<b>(49,251,290)</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 177,388,647</b>	<b>\$ 766,044</b>	<b>\$ 1,942,514</b>

See Accompanying Notes to Basic Financial Statements

<u>Major Funds City Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 9,954,979	\$ 42,981,706	\$ 119,532,283
-	1,695,625	3,624,489
76,877	509,120	8,543,738
669,387	883,689	3,173,657
6,118	6,238,207	6,336,660
-	-	95,499,398
-	295	333,713
-	-	4,688,193
-	19,979,892	19,979,892
-	-	1,381,077
<u>\$ 10,707,361</u>	<u>\$ 72,288,534</u>	<u>\$ 263,093,100</u>
\$ 219,872	\$ 761,568	\$ 2,750,139
396,604	1,575,705	2,433,794
-	6,244,481	6,336,660
-	-	51,193,804
71,086	19,979,892	85,730,390
<u>687,562</u>	<u>28,561,646</u>	<u>148,444,787</u>
-	7,001,241	7,001,241
-	1,892,740	1,892,740
-	1,817,765	1,817,765
-	6,238,207	6,238,207
-	1,319,666	1,547,722
-	-	32,359,249
-	-	2,458,939
-	295	333,713
-	-	1,381,077
-	-	550,000
-	1,662,162	3,591,026
<u>-</u>	<u>19,932,076</u>	<u>59,171,679</u>
340,198	-	784,430
-	-	19,604,556
-	-	4,921,529
9,679,601	-	11,100,122
-	-	163,506
-	-	46,287,833
-	12,306,479	12,306,479
-	17,906,996	17,906,996
<u>10,019,799</u>	<u>30,213,475</u>	<u>113,075,451</u>
-	-	(51,180,154)
-	(6,418,663)	(6,418,663)
<u>10,019,799</u>	<u>43,726,888</u>	<u>114,648,313</u>
<u>\$ 10,707,361</u>	<u>\$ 72,288,534</u>	<u>\$ 263,093,100</u>



**CITY OF SUNNYVALE**

**Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets  
June 30, 2005**

<b>Total Fund Balances - Total Governmental Funds</b>	<b>\$ 114,648,313</b>
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used to support governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet. Internal service funds report capital assets. This amount represents capital assets used by governmental activities excluding \$11,227,956 of capital assets used by internal service funds.	386,212,828
Interest payable on long-term debt does not require current financial resources. Therefore, interest payable is not reported as a liability in governmental funds balance sheet.	(334,173)
Interest earned, not available, from interfund advances to business-type activities is reported as deferred revenues in the governmental funds statements. This amount represents cumulative interest accrued and deferred..	21,597,822
Interest earned, not available, from General Fund advances to Redevelopment Agency and Internal Service Funds is reported as deferred revenues in the General Fund and as interest charges in the borrower fund statements. These amounts are consolidated in the Government-Wide financial statements. This amount represents cumulative interest accrued and deferred.	41,542,327
Interest earned on related-party loans, not available, is reported as deferred revenues in the fund statements. This amount increases the net assets in the governmental activities.	128,952
Miscellaneous revenues earned but not available are recorded as deferred revenues in the fund financial statement.	26,737
Receivables from long-term housing loans are offset by deferred revenues in the fund statements. That amount is adjusted by allowance for uncollectible accounts.	19,584,048
Long-term receivables from capital special assessments are not current financial resources and are offset by deferred revenues in the fund statements. In the Government-Wide statements, revenues are recognized when the capital improvement is completed.	273,400
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets and liabilities of the Internal Service Funds are included in governmental activities in the Government-Wide statement of net assets.	43,936,504
Long-term liabilities of governmental activities are not reported as fund liabilities. These liabilities are reported in the Government-Wide statement of net assets.	
Bonds payable, par	(41,315,000)
Unamortized discount on bonds	62,591
Deferred charges on bonds	554,268
Rebatable arbitrage does not require the use of current financial resources and is not reported as an expenditure in governmental funds until due and payable to the federal government. The liability is accrued in the Government-Wide statements as soon as rebatable arbitrage is incurred.	(73,297)
<b>Net Assets of Governmental Activities</b>	<b>\$ 586,845,320</b>

**CITY OF SUNNYVALE**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
Year Ended June 30, 2005**

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>Employment Development</b>	<b>Redevelopment Debt Service</b>
<b>Revenues:</b>			
Property Taxes	\$ 29,509,767	\$ -	\$ -
Sales and Use Taxes	26,069,906	-	-
Other Taxes	13,397,491	-	-
Franchise Fees	5,394,792	-	-
Intergovernmental Revenues	4,646,306	11,960,626	-
Permits and Licenses	4,995,591	-	-
Fines and Forfeitures	838,639	-	-
Special Assessments	70,506	-	-
Service Fees	2,733,981	20,798	-
Rents and Concessions	1,393,424	39,694	-
Investment Earnings	1,670,588	-	108,151
Other Revenues	1,704,375	23,775	-
<b>Total Revenues</b>	<b>92,425,366</b>	<b>12,044,893</b>	<b>108,151</b>
<b>Expenditures:</b>			
Current:			
Planning and Management	13,377,973	-	-
Public Safety	57,390,288	-	-
Community Development	15,531,091	-	-
Transportation	3,845,273	-	-
Socioeconomic	239,492	11,803,933	-
Cultural	6,925,744	-	-
Environmental Management	1,025,925	-	-
Capital Outlay	251,555	-	-
Debt Service:			
Principal Retirement	-	-	730,000
Interest	-	-	4,968,950
Fiscal Charges	-	-	14,571
<b>Total Expenditures</b>	<b>98,587,341</b>	<b>11,803,933</b>	<b>5,713,521</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(6,161,975)</b>	<b>240,960</b>	<b>(5,605,370)</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In (Note 11)	8,492,820	-	3,129,471
Transfers Out (Note 11)	(7,050,847)	(240,901)	-
<b>Total Other Financing Sources (Uses)</b>	<b>1,441,973</b>	<b>(240,901)</b>	<b>3,129,471</b>
<b>Net Change in Fund Balances</b>	<b>(4,720,002)</b>	<b>59</b>	<b>(2,475,899)</b>
<b>Fund Balances - Beginning of Year</b>	<b>114,636,145</b>	<b>236,714</b>	<b>(46,775,391)</b>
<b>Fund Balances - End of Year</b>	<b>\$ 109,916,143</b>	<b>\$ 236,773</b>	<b>\$ (49,251,290)</b>

See Accompanying Notes to Basic Financial Statements



<u>Major Funds</u> <u>City</u> <u>Projects</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
\$ -	\$ 3,385,495	\$ 32,895,262
-	-	26,069,906
-	-	13,397,491
-	-	5,394,792
950,661	4,784,095	22,341,688
-	-	4,995,591
69,142	36,242	944,023
-	-	70,506
2,723,381	2,234,446	7,712,606
-	105,324	1,538,442
162,723	916,936	2,858,398
5,625	1,257,084	2,990,859
<u>3,911,532</u>	<u>12,719,622</u>	<u>121,209,564</u>
-	482,226	13,860,199
-	318,726	57,709,014
419,000	4,142,995	20,093,086
-	2,629,308	6,474,581
-	730,155	12,773,580
-	404,667	7,330,411
-	-	1,025,925
1,483,813	1,712,026	3,447,394
-	970,000	1,700,000
-	445,540	5,414,490
-	52,425	66,996
<u>1,902,813</u>	<u>11,888,068</u>	<u>129,895,676</u>
2,008,719	831,554	(8,686,112)
823,891	4,860,808	17,306,990
<u>(4,125,998)</u>	<u>(11,324,900)</u>	<u>(22,742,646)</u>
<u>(3,302,107)</u>	<u>(6,464,092)</u>	<u>(5,435,656)</u>
(1,293,388)	(5,632,538)	(14,121,768)
<u>11,313,187</u>	<u>49,359,426</u>	<u>128,770,081</u>
<u>\$ 10,019,799</u>	<u>\$ 43,726,888</u>	<u>\$ 114,648,313</u>

**CITY OF SUNNYVALE**

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,  
and Changes in Fund Balances to the Government-Wide Statement of Activities and Changes in Net Assets  
Year Ended June 30, 2005**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ (14,121,768)</b>
Amounts reported for governmental activities in the statement of activities and changes in net assets are different because:	
Governmental funds report capital outlay as expenditures. In the statement of activities and changes in net assets, the cost of the assets is allocated over their estimated useful lives as depreciation expense.	
Capital asset additions recorded in the current period - governmental activities	3,554,056
Depreciation recorded in the current period - governmental activities	(8,204,956)
Developer contributions of capital assets are not recorded in the governmental funds.	139,500
Transfers of capital assets to business-type activities are not recorded in the governmental funds.	(4,550,136)
Net book value of capital assets deleted is not recorded in the government funds.	(201,795)
Revenues that have not met the revenue recognition criteria in the fund financial statements are recognized as revenues in the Government-Wide financial statements.	
Interfund interest revenues - advances to business-type activities	2,794,111
Interest accrued on long-term housing receivables	626,136
Housing loans disbursed recorded as expenditures in the fund financial statements, are reclassified as receivables in the Government-Wide financial statements. This number is adjusted by allowance for uncollectible accounts.	1,281,363
Housing loans repaid, recorded as revenues in the fund financial statements, are reclassified as receivables in the Government-Wide financial statements.	(667,686)
Interfund advances interest charged on the borrower governmental funds with deferred revenues recorded in the General Fund is consolidated in the Government-Wide statements.	4,141,301
Revenues recognized in the Government-Wide statement of activities and changes in net assets in prior fiscal years that became available in current fiscal year.	(321,923)
Miscellaneous revenues earned but not available	26,738
Repayment of principal of long-term debt has no effect on the Government-Wide statement of activities and changes in net assets.	1,700,000
Governmental funds record the effect of issuance costs, premiums, discounts, and similar items when debt is first issued. These amounts are deferred and amortized in the Government-Wide statement of activities and changes in net assets.	(36,082)
Rebatable arbitrage does not require current financial resources and is not reported as an expenditure in governmental funds until due and payable. The expense is accrued in the Government-Wide statement of activities and changes in net assets when rebatable arbitrage is incurred.	(27,737)
Some expenses reported in the Government-Wide statement of activities and changes in net assets do not require the use of current financial resources. These amounts are not reported as expenditures in governmental funds. This amount represents the change in accrued interest from prior year.	2,072
Internal Service Funds are used by management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The net revenue of the Internal Service Funds is reported with governmental activities.	(2,982,873)
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ (16,849,679)</b>

See Accompanying Notes to Basic Financial Statements

## ***Proprietary Fund Financial Statements***

The ***Water Supply and Distribution Fund*** accounts for all revenues and expenses related to the City-operated water utility.

The ***Wastewater Management Fund*** accounts for all revenues and expenses related to the City-operated sewer collection and Water Pollution Control Plant systems.

The ***Solid Waste Management Fund*** accounts for the revenues and expenses related to the City's refuse collection and solid waste disposal services.

The ***SMaRT Station® Fund*** accounts for the revenues and expenditures associated with the operations of the Sunnyvale Materials and Recovery Transfer Station.

The ***Community Recreation Fund*** accounts for revenues and expenses related to the two City-operated golf courses, tennis center, and recreation classes and services offered by the City.

**CITY OF SUNNYVALE**

**Statement of Net Assets  
Proprietary Funds  
June 30, 2005**

	<b>Major Enterprise Funds</b>		
	<b>Water Supply and Distribution</b>	<b>Wastewater Management</b>	<b>Solid Waste Management</b>
<b>Assets:</b>			
Current Assets			
Cash and Investments Held by City (Note 2)	\$ 7,244,285	\$ 10,960,056	\$ 4,676,305
Cash and Investments Held by Fiscal Agent (Note 2)	1,011,017	12,081,871	-
Receivables, Net (Note 3)	3,459,401	2,482,132	3,627,598
Intergovernmental Receivables (Note 3)	199,496	11,517	40,895
Inventories and Prepayments	-	-	-
Total Current Assets	<u>11,914,199</u>	<u>25,535,576</u>	<u>8,344,798</u>
Noncurrent Assets			
Deferred Charges (Note 7)	-	-	-
Capital Assets (Note 6):			
Land & Nondepreciable Assets	2,389,263	10,554,168	51,895
Depreciable Assets, Net	33,683,426	25,810,977	708,880
Total Noncurrent Assets	<u>36,072,689</u>	<u>36,365,145</u>	<u>760,775</u>
<b>Total Assets</b>	<u>47,986,888</u>	<u>61,900,721</u>	<u>9,105,573</u>
<b>Liabilities:</b>			
Current Liabilities			
Wages Payable	-	-	-
Accounts Payable and Accrued Liabilities	1,533,150	2,140,403	1,316,358
Advances from Other Funds (Note 5)	-	1,186,845	900,000
Refundable Deposits	39,410	20,261	142,166
Interest Payable	144,110	197,288	-
Claims and Judgments Payable - Due Within One Year (Note 7)	-	-	-
Compensated Absences Payable - Due Within One Year (Note 7)	-	-	-
Long-term Debt - Due Within One Year (Note 7)	536,089	733,911	-
Total Current Liabilities	<u>2,252,759</u>	<u>4,278,708</u>	<u>2,358,524</u>
Noncurrent Liabilities			
Advances from Other Funds (Note 5)	1,943,738	15,312,165	21,567,886
Claims and Judgments Payable - Due in More than One Year (Note 7)	-	-	-
Compensated Absences Payable - Due in More than One Year (Note 7)	-	-	-
Landfill Closure and Postclosure Costs (Note 7)	-	-	3,970,274
Long-term Debt - Due in More than One Year (Note 7)	8,523,910	18,552,371	-
Total Noncurrent Liabilities	<u>10,467,648</u>	<u>33,864,536</u>	<u>25,538,160</u>
<b>Total Liabilities</b>	<u>12,720,407</u>	<u>38,143,244</u>	<u>27,896,684</u>
<b>Net Assets (Note 12):</b>			
Invested in Capital Assets, Net of Related Debt	27,012,690	17,078,863	760,775
Restricted for Debt Service	1,010,775	1,472,783	-
Restricted for Capital Projects	-	10,608,757	-
Unrestricted	7,243,016	(5,402,926)	(19,551,886)
<b>Total Net Assets</b>	<u>\$ 35,266,481</u>	<u>\$ 23,757,477</u>	<u>\$ (18,791,111)</u>

See Accompanying Notes to Basic Financial Statements

<b>Major Enterprise Funds</b>		<b>Total Enterprise Funds</b>	<b>Governmental Activities Internal Service Funds</b>
<b>SMaRT Station</b>	<b>Community Recreation</b>		
\$ 6,314,474	\$ 1,410,792	\$ 30,605,912	\$ 58,799,528
1,946,569	-	15,039,457	-
27,520	52,577	9,649,228	533,589
-	-	251,908	-
-	142,572	142,572	71,418
<u>8,288,563</u>	<u>1,605,941</u>	<u>55,689,077</u>	<u>59,404,535</u>
723,705	-	723,705	-
-	9,683,604	22,678,930	286,633
17,426,238	5,259,113	82,888,634	10,941,323
<u>18,149,943</u>	<u>14,942,717</u>	<u>106,291,269</u>	<u>11,227,956</u>
<u>26,438,506</u>	<u>16,548,658</u>	<u>161,980,346</u>	<u>70,632,491</u>
-	-	-	2,761,453
2,309,907	285,716	7,585,534	718,178
-	-	2,086,845	-
-	40,575	242,412	20,513
215,066	-	556,464	-
-	-	-	2,720,899
-	-	-	7,079,837
1,105,000	-	2,375,000	-
<u>3,629,973</u>	<u>326,291</u>	<u>12,846,255</u>	<u>13,300,880</u>
-	-	38,823,789	3,394,960
-	-	-	9,478,101
-	-	-	522,046
-	-	3,970,274	-
17,265,705	-	44,341,986	-
<u>17,265,705</u>	<u>-</u>	<u>87,136,049</u>	<u>13,395,107</u>
<u>20,895,678</u>	<u>326,291</u>	<u>99,982,304</u>	<u>26,695,987</u>
(944,467)	14,942,717	58,850,578	10,941,323
1,946,569	-	4,430,127	-
-	-	10,608,757	-
4,540,726	1,279,650	(11,891,420)	32,995,181
<u>\$ 5,542,828</u>	<u>\$ 16,222,367</u>	<u>\$ 61,998,042</u>	<u>\$ 43,936,504</u>

**CITY OF SUNNYVALE****Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
Year Ended June 30, 2005**

	<b>Major Enterprise Funds</b>		
	<b>Water Supply and Distribution</b>	<b>Wastewater Management</b>	<b>Solid Waste Management</b>
<b>Operating Revenues:</b>			
Charges for Services	\$ 19,262,696	\$ 17,579,583	\$ 29,289,397
<b>Total Operating Revenues</b>	<b>19,262,696</b>	<b>17,579,583</b>	<b>29,289,397</b>
<b>Operating Expenses:</b>			
Personnel Services	2,838,378	7,279,128	977,503
Contractual	305,744	1,853,559	22,716,464
Materials and Supplies	773,002	2,102,175	23,544
Utilities	327,735	309,916	51,925
Taxes and Licenses	700,035	100,628	1,787,605
Equipment and Building Rental	389,296	1,189,559	61,161
Water Purchased for Resale	10,469,969	-	-
Insurance Premiums and Claims	-	-	-
Retirement Premiums	-	-	-
Other Operating Expenses	67,495	41,682	31,210
Depreciation	1,179,368	1,557,862	75,990
<b>Total Operating Expenses</b>	<b>17,051,022</b>	<b>14,434,509</b>	<b>25,725,402</b>
<b>Operating Income (Loss)</b>	<b>2,211,674</b>	<b>3,145,074</b>	<b>3,563,995</b>
<b>Nonoperating Revenues (Expenses):</b>			
Investment Earnings	279,978	548,379	209,126
Interest Expense	(699,822)	(1,952,659)	(1,614,976)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(419,844)</b>	<b>(1,404,280)</b>	<b>(1,405,850)</b>
<b>Income (Loss) before Contributions and Transfers</b>	<b>1,791,830</b>	<b>1,740,794</b>	<b>2,158,145</b>
Capital Contributions	1,711,806	2,956,330	-
Transfers In (Note 11)	2,868,617	9,529,526	265,729
Transfers Out (Note 11)	(2,283,040)	(3,320,989)	(3,532,878)
<b>Change in Net Assets</b>	<b>4,089,213</b>	<b>10,905,661</b>	<b>(1,109,004)</b>
<b>Total Net Assets - Beginning of Year</b>	<b>31,177,268</b>	<b>12,851,816</b>	<b>(17,682,107)</b>
<b>Total Net Assets - End of Year</b>	<b>\$ 35,266,481</b>	<b>\$ 23,757,477</b>	<b>\$ (18,791,111)</b>

See Accompanying Notes to Basic Financial Statements



<b>Major Enterprise Funds</b>		<b>Total Enterprise Funds</b>	<b>Governmental</b>
<b>SMaRT Station</b>	<b>Community Recreation</b>		<b>Activities Internal Service Funds</b>
\$ 17,430,855	\$ 7,372,664	\$ 90,935,195	\$ 61,378,968
17,430,855	7,372,664	90,935,195	61,378,968
212,853	5,941,710	17,249,572	22,655,038
6,119,087	1,258,187	32,253,041	2,387,659
287,072	360,034	3,545,827	1,960,858
-	263,902	953,478	1,648,129
9,697,582	6,469	12,292,319	8,733
7,805	1,548,750	3,196,571	1,106,091
-	-	10,469,969	-
-	-	-	13,923,072
-	-	-	18,565,240
-	17,823	158,210	-
832,281	278,656	3,924,157	2,000,725
17,156,680	9,675,531	84,043,144	64,255,545
274,175	(2,302,867)	6,892,051	(2,876,577)
153,457	27,874	1,218,814	1,201,608
(936,985)	-	(5,204,442)	(222,099)
(783,528)	27,874	(3,985,628)	979,509
(509,353)	(2,274,993)	2,906,423	(1,897,068)
-	-	4,668,136	-
1,027,350	3,241,005	16,932,227	3,302,717
(3,749)	(1,270,110)	(10,410,766)	(4,388,522)
514,248	(304,098)	14,096,020	(2,982,873)
5,028,580	16,526,465	47,902,022	46,919,377
\$ 5,542,828	\$ 16,222,367	\$ 61,998,042	\$ 43,936,504

**CITY OF SUNNYVALE****Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2005**

	<b>Major Enterprise Funds</b>		
	<b>Water Supply and Distribution</b>	<b>Wastewater Management</b>	<b>Solid Waste Management</b>
<b>Cash Flow from Operating Activities:</b>			
Cash Received from Customers	\$ 18,922,451	\$ 17,303,588	\$ 27,591,168
Cash Payments to Suppliers of Goods and Services	(12,868,203)	(5,341,279)	(24,828,175)
Cash Payments to Employees for Services	(2,841,697)	(7,312,212)	(980,644)
Insurance and Claims Paid	-	-	-
Other Receipts (Payments)	5,340	2,500	1,363,148
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>3,217,891</b>	<b>4,652,597</b>	<b>3,145,497</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers Received	2,868,617	9,529,526	279,214
Transfers Paid	(2,283,040)	(3,320,989)	(3,534,438)
Repayment of Advance From/To Other Funds	1,236,054	(1,161,345)	(2,136,054)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>1,821,631</b>	<b>5,047,192</b>	<b>(5,391,278)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal Paid on Long-term Debt	(519,204)	(710,796)	-
Interest Paid on Long-term Debt	(583,450)	(798,750)	-
Acquisition and Construction of Capital Assets	(299,050)	(4,092,098)	(14,276)
<b>Net Cash Provided by (Used for) Capital and Related Financing Activities</b>	<b>(1,401,704)</b>	<b>(5,601,644)</b>	<b>(14,276)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments	250,430	588,484	308,460
Change in the Fair Value of Investments	(82,987)	(112,727)	(97,824)
<b>Net Cash Provided by Investing Activities</b>	<b>167,443</b>	<b>475,757</b>	<b>210,636</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>3,805,261</b>	<b>4,573,902</b>	<b>(2,049,421)</b>
<b>Cash and Investments - Beginning of Year</b>	<b>4,450,041</b>	<b>18,468,025</b>	<b>6,725,726</b>
<b>Cash and Investments - End of Year</b>	<b>\$ 8,255,302</b>	<b>\$ 23,041,927</b>	<b>\$ 4,676,305</b>
<b>Reconciliation to Statement of Net Assets:</b>			
Cash and Investments Held by City	\$ 7,244,285	\$ 10,960,056	\$ 4,676,305
Cash and Investments Held by Fiscal Agent	1,011,017	12,081,871	-
<b>Total Cash and Investments</b>	<b>\$ 8,255,302</b>	<b>\$ 23,041,927</b>	<b>\$ 4,676,305</b>

See Accompanying Notes to Basic Financial Statements



<b>Major Enterprise Funds</b>		<b>Total Enterprise Funds</b>	<b>Governmental</b>
<b>SMaRT Station</b>	<b>Community Recreation</b>		<b>Activities Internal Service Funds</b>
\$ 20,275,865	\$ 7,448,456	\$ 91,541,528	\$ 61,371,648
(17,726,364)	(3,593,170)	(64,357,191)	(7,986,739)
(212,853)	(5,940,718)	(17,288,124)	(37,133,870)
-	-	-	(16,726,934)
6,000	1,820	1,378,808	56,476
<u>2,342,648</u>	<u>(2,083,612)</u>	<u>11,275,021</u>	<u>(419,419)</u>
-	3,241,005	15,918,362	3,317,122
(3,749)	(1,270,110)	(10,412,326)	(4,402,927)
-	-	(2,061,345)	-
<u>(3,749)</u>	<u>1,970,895</u>	<u>3,444,691</u>	<u>(1,085,805)</u>
(1,065,000)	-	(2,295,000)	-
(881,564)	-	(2,263,764)	-
-	-	(4,405,424)	(1,012,894)
<u>(1,946,564)</u>	<u>-</u>	<u>(8,964,188)</u>	<u>(1,012,894)</u>
188,260	45,644	1,381,278	1,920,968
(34,467)	(14,343)	(342,348)	(634,215)
<u>153,793</u>	<u>31,301</u>	<u>1,038,930</u>	<u>1,286,753</u>
546,128	(81,416)	6,794,454	(1,231,365)
<u>7,714,915</u>	<u>1,492,208</u>	<u>38,850,915</u>	<u>60,030,893</u>
<u>\$ 8,261,043</u>	<u>\$ 1,410,792</u>	<u>\$ 45,645,369</u>	<u>\$ 58,799,528</u>
\$ 6,314,474	\$ 1,410,792	\$ 30,605,912	\$ 58,799,528
1,946,569	-	15,039,457	-
<u>\$ 8,261,043</u>	<u>\$ 1,410,792</u>	<u>\$ 45,645,369</u>	<u>\$ 58,799,528</u>

Continued

**CITY OF SUNNYVALE****Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2005**

	<b>Major Enterprise Funds</b>		
	<b>Water Supply and Distribution</b>	<b>Wastewater Management</b>	<b>Solid Waste Management</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating Income (Loss)	\$ 2,211,674	\$ 3,145,074	\$ 3,563,995
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	1,179,368	1,557,862	75,990
Changes in Assets and Liabilities:			
Receivables, Net	(347,604)	(243,779)	(363,362)
Due from Other Governments	(199,496)	(11,517)	40,465
Inventories and Prepayments	(292,551)	-	(7,852)
Accounts Payable and Accrued Liabilities	666,500	204,957	(40,736)
Landfill Postclosure Care	-	-	(123,003)
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	-	-	-
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b>\$ 3,217,891</b>	<b>\$ 4,652,597</b>	<b>\$ 3,145,497</b>
<b>Noncash Investing, Capital and Financing Activities:</b>			
Purchase of Capital Assets on Account	7,778	1,605,581	2,097

See Accompanying Notes to Basic Financial Statements



<u>Major Enterprise Funds</u>		<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Service Funds</u>
<u>SMaRT Station</u>	<u>Community Recreation</u>		
\$ 274,175	\$ (2,302,867)	\$ 6,892,051	\$ (2,876,577)
832,281	278,656	3,924,157	2,000,725
614,301	(5,158)	(345,602)	91,381
815,761	-	645,213	-
-	(142,367)	(442,770)	(38,071)
(193,870)	88,124	724,975	185,223
-	-	(123,003)	-
-	-	-	(128,000)
-	-	-	345,900
<u>\$ 2,342,648</u>	<u>\$ (2,083,612)</u>	<u>\$ 11,275,021</u>	<u>\$ (419,419)</u>

- - 1,615,456 165,378

Concluded



## *Fiduciary Fund Financial Statements*

*Agency Funds* are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs.

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**CITY OF SUNNYVALE**

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**Statement of Fiduciary Net Assets**  
**Agency Funds**  
**June 30, 2005**

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	<u>Agency Funds</u>
<b>Assets:</b>	
Cash and Investments Held by City (Note 2)	\$ 1,476,621
Cash and Investments Held by Fiscal Agent (Note 2)	1,748,143
Receivables (Note 3)	<u>54,088</u>
<b>Total Assets</b>	<u>\$ 3,278,852</u>
<b>Liabilities:</b>	
Short-term Agency Payables	\$ 835,472
Due to Bondholders	<u>2,443,380</u>
<b>Total Liabilities</b>	<u>\$ 3,278,852</u>

See Accompanying Notes to Basic Financial Statements

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**CITY OF SUNNYVALE**

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**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2005**

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*Notes to the Basic Financial Statements*  
*Fiscal Year Ended June 30, 2005*

**1. SIGNIFICANT ACCOUNTING POLICIES**

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

***A. Reporting Entity***

The City of Sunnyvale was incorporated on December 24, 1912. The original charter of the City was prepared in accordance with the provisions of Section 8, Article XI of the Constitution of the State of California and became effective on May 18, 1949. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), library, parks, recreation, water, sewer, refuse collection and disposal, golf, traffic engineering, street maintenance, community development (planning and zoning), public improvements, and general administrative services.

As required by GAAP, these basic financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City. Discretely presented component units, on the other hand, are reported in a separate column in the combined basic financial statements to emphasize their legal separateness from the City. Each blended component unit has a June 30 year-end. The City had no discretely presented component units. The Redevelopment Agency of the City of Sunnyvale and the Sunnyvale Financing Authority are reported as blended component units:

**Redevelopment Agency of the City of Sunnyvale**

The Redevelopment Agency of the City of Sunnyvale (Agency) was established under the provisions of the community redevelopment laws of the State of California by a resolution of the City Council adopted on November 19, 1957. In this resolution, the City Council declared itself to be the governing members of the Agency.

**Sunnyvale Financing Authority**

The Sunnyvale Financing Authority (Authority) was formed on September 22, 1992 by the Joint Exercise of Powers Agreement between the City and the Agency. The Authority was created to facilitate financing of public improvements within the City. The Authority's governing board has the same members as those on the City Council and Agency board.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2005***

**1. SIGNIFICANT ACCOUNTING POLICIES, Continued**

The Redevelopment Agency and Financing Authority's assets, liabilities, revenues and expenditures are blended into the City's financial statements. Separately issued financial statements for the Redevelopment Agency and the Financing Authority are available at the Department of Finance, City Hall Annex.

**The Community Facilities District No. 1**

The Community Facilities District No. 1 (the District) was created by resolutions of the City Council on February 23, 1999. The purpose is to provide financing for the construction of parking facilities required by the redevelopment of the Sunnyvale Town Center. The District's governing board has the same members as those on the City Council and Redevelopment Agency. The City is not obligated in any manner for the debt of the District. Property tax collections related to the repayment of the District's bonded debt are accounted for in a fiduciary (agency) fund, pending their remittance to bondholders. The District is not a component unit of the City's financial reporting entity.

***B. Basis of Accounting and Measurement Focus***

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

**Government-Wide Financial Statements**

The City Government-Wide Financial Statements include a Statement of Net Assets and a Statement of Activities and Changes in Net Assets. These statements present summaries of Governmental and Business-Type Activities for the City accompanied by a total column. Fiduciary Activities of the City are not included in these statements.

The Government-Wide Financial Statements are presented on an "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all of the City's assets and liabilities, including capital assets, as well as infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

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**1. SIGNIFICANT ACCOUNTING POLICIES, Continued**

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables including the corresponding deferred revenues. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated. However, transactions between governmental and business-type activities have not been eliminated. Interest earned and charged between the City's water and solid waste enterprise activities is not eliminated. Elimination of these charges would distort the direct costs and program revenues reported for the activities.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the Government-Wide and Proprietary Fund Financial Statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

**Governmental Fund Financial Statements**

Governmental Fund Financial Statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and nonmajor funds aggregated. An accompanying schedule is presented to reconcile and explain the differences in net assets as presented in these statements to the net assets presented in the Government-Wide Financial Statements. The City has presented all major funds that met the qualifications for major fund reporting. In addition, the City has presented the Employment Development Fund and the City Projects Fund as major funds because the City believes the financial position and activities of these funds are significant to the City as a whole.

All governmental funds are accounted for on a spending or "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the Balance Sheets. The Statement of Revenues, Expenditures and Changes in Fund Balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Under the modified accrual basis of accounting, revenues are recognized only as they are susceptible to accrual (measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The primary revenue sources which have been treated as susceptible to accrual by the City are property tax, taxpayer-assessed tax revenues (sales taxes, transient occupancy taxes, franchise taxes, etc.), certain grant revenues and earnings on investments.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**1. SIGNIFICANT ACCOUNTING POLICIES, Continued**

The State Budget Act of 2004 substantially changed the valuation, distribution method, and timing of three major local government revenues: the sales tax, vehicle license fee, and property tax. In fiscal year 2004-05, the State issued Economic Recovery Bonds as part of the solution to its record budget deficit. As security for these Bonds, the State has temporarily changed the local sales tax allocation from 1% to 0.75% and replaced the reduction of local sales tax with a dollar-for-dollar allocation of local property tax from the County Educational Revenue Augmentation Fund (ERAF.) The exchange mechanism will be in place as long as the Bonds are outstanding. True-up reconciliations between the actual amounts and the State estimates are done each year in October, and the actual property tax distribution is scheduled for January of the following year. The net effect of this exchange on the City is that property tax is remitted twice a year while sales tax is remitted monthly; this causes a reduction in overall interest earnings and a potential cash flow problem.

During fiscal year 2004-05 the State also permanently reduced the Motor Vehicle License Fee (VLF) from 2% to 0.67%. For fiscal year 2004-05, the amount that the City would have gotten from VLF at the 2% rate was calculated and this amount will be added to the property tax base through transfer from the County ERAF. In the following years, the City will receive its portion of VLF at the now-permanent low rate and the increased property tax base will grow according to economic conditions. True-up reconciliations between the actual amount of VLF and the property tax were also done in October 2005 and the difference will be remitted to the City will be made in January 2006 as part of the property tax payment process.

The City considers revenues to be available if they are collected within 60 days of the current fiscal year end for property tax and 90 days for other revenues with the exception of the County back-fill (for the loss of sales tax and VLF revenues) for which the City adopts a seven-month availability period so that total sales tax and VLF revenues would be most consistent with revenues reported in years before the State sales tax flip and VLF swap. Expenditures generally are recorded when a liability is incurred except for debt service expenditures which are recorded when payment is due.

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

**Proprietary Fund Financial Statements**

Proprietary Fund Financial Statements include a Statement of Net Assets, a Statement of Revenues, Expenses and Changes in Fund Net Assets, and a Statement of Cash Flows for each major proprietary fund and nonmajor funds aggregated. A column representing internal service funds is also presented in these statements. However, internal service balances and activities have been combined with the governmental activities in the Government-Wide Financial Statements.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**1. SIGNIFICANT ACCOUNTING POLICIES, Continued**

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included on the statement of net assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenues) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. In these funds, receivables have been recorded as revenue and provisions have been made for uncollectible amounts.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. Operating expenses are those expenses that are essential to the primary operations of the fund. Items included in the non-operating category are interest income, interest expense, and contributions.

**Fiduciary Fund Financial Statements**

Fiduciary Fund Financial Statements include a Statement of Net Assets. The City's Fiduciary Funds represent Agency Funds that are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Funds are accounted for using the accrual basis of accounting.

***C. Restricted Assets and Use of Restricted/Unrestricted Net Assets***

Restricted assets are assets whose use is subject to constraints that are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. Restricted net assets equal the carrying value of restricted assets reduced by amounts repayable from those assets, excluding capital-related debt.

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

***D. Cash, Cash Equivalents and Investments***

The City pools cash resources of its various funds to facilitate cash management. Cash in excess of current requirements is invested and reported as investments. It is the City's intent to hold investments until maturity. However, the City may, in response to market conditions, sell investments prior to maturity in order to improve the quality, liquidity or yield of the portfolio. Interest earnings are apportioned among funds based on ending accounting period cash and investment balances.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2005***

**1. SIGNIFICANT ACCOUNTING POLICIES, Continued**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less at the time of acquisition.

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, certain disclosure requirements for Deposits and Investment Risks were made in the following areas:

- Interest Rate Risk
- Credit Risk
- Concentration of Credit Risk
- Custodial Credit Risk

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, highly liquid market investments with maturities of one year or less at time of purchase are stated at amortized cost. All other investments are stated at fair value. Market value is used as fair value for those securities for which market quotations are readily available.

The City participates in the Local Agency Investment Fund (LAIF), an investment pool managed by the State of California. LAIF has invested a portion of the pool funds in Structured Notes and Asset-Backed Securities. LAIF's investments are subject to credit risk because the collateral on these investments is the full faith and credit of the State of California. In addition, these Structured Notes and Asset-Backed Securities are subject to market risk as a result of changes in interest rates.

***E. Receivables***

All receivables are shown net of an allowance for doubtful accounts. Utility revenues (water, sewer and refuse collection) are recorded as billed to customers on a cyclical basis. All utility customers are billed either monthly or bi-monthly. Charges for utility services rendered but unbilled at June 30 are accrued and are recognized as revenues.

***F. Property Tax Revenue***

California State Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount has been approved by voters. Assessed value is calculated at 100 percent of market value as defined by Article XIII A and may be increased by no more than two percent per year unless there is new construction on the property or the property is sold or transferred. The California Legislature has determined the method of distribution of receipts from the one percent tax levy among the counties, cities, school districts, and other districts.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2005***

**1. SIGNIFICANT ACCOUNTING POLICIES, Continued**

Santa Clara County assesses properties and bills and collects property taxes for the City. Secured and unsecured taxes are levied on the preceding March 1. Secured tax is due in two installments on November 1 and February 1. If unpaid, such taxes become delinquent on December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payments. Unsecured tax is due as of the January 1 lien date and becomes delinquent if unpaid on August 31. A 10% penalty attaches to delinquent unsecured tax. If unsecured tax remains unpaid on October 31, an additional 1.5% attaches to it on the first day of each month until paid. The term "unsecured" refers to taxes on property not secured by liens on real property. The City has elected not to participate in the "Teeter Plan" offered by the County, thereby retaining the right to any interest and penalties collected on the related delinquent taxes.

Property tax revenues are recorded when they become measurable and available. Available means due, or past due, and receivable within the current period and collected no longer than 60 days after the close of the current period.

Starting fiscal year 2004-05, the State has replaced the 0.25% reduction of sales tax allocation with a dollar-for-dollar allocation of local property tax from County ERAF funds. The City reports this allocation from County as "Sales Tax In-lieu", under the Sales Tax revenue category. Although the source of funds is a temporary allocation of the State-controlled County ERAF fund, the economic basis of the valuation is still sales tax. Note 1.B explains the relevant revenue recognition policy.

***G. Interfund Balances/Internal Balances***

Advances to and advances from other funds represent interfund loans in the fund financial statements. Advances between funds are offset by a fund balance reservation or by deferred revenue in the applicable governmental funds to indicate that they are not expendable available financial resources. Any unpaid interest due to lack of funds in the borrowing fund increases the principal owed and is reported in the lending fund as deferred revenue.

All other outstanding balances between funds are reported as due to and due from other funds. These are generally repaid within the following fiscal year.

Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-Wide Financial Statements as "internal balances."

***H. Inventory and Prepaid Items***

The Consumption method is used to account for inventory and inventory is valued at average cost. Inventory in the General Fund consists of expendable supplies held for consumption by all departments; user programs are charged when inventory items are withdrawn for use. Inventory in the Community Recreation Enterprise Fund consists of golf merchandise held for resale to customers; the cost of goods sold is recorded at the end of the accounting period, adjusted by physical inventory results.



***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2005***

**1. SIGNIFICANT ACCOUNTING POLICIES, Continued**

The City defines infrastructure as the basic physical assets that allow the City to function. The assets include:

- Street system
- Site amenities such as parking and landscaped areas used by the City in the conduct of its business.

Each major infrastructure system can be divided into subsystems. For example the street system can be subdivided into pavement, curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. These subsystems were not delineated in the Government-Wide Financial Statements. The appropriate operating department maintains information regarding the subsystems.

The City elected to use the Modified Approach as defined by GASB Statement No. 34 for infrastructure reporting of its Street Pavement Subsystem. Each homogeneous segment of City owned street was assigned a physical condition based on potential defects. A Pavement Condition Index (PCI) was assigned to each street segment. The index is expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of street that have the physical characteristics of a new street. The following conditions were defined:

• Excellent	86-100
• Very Good	71-85
• Good	56-70
• Fair	41-55
• Poor	26-40
• Very Poor	11-25
• Substandard	0-10

The City's policy relative to maintaining the street assets is to achieve an average rating of 75 for all street segments, which is in the "very good" range. For detailed description of the Modified Approach, see the Required Supplementary Information section of this report.

For all other infrastructure systems, the City elected to use the Basic Approach as defined by GASB Statement No. 34 for infrastructure reporting. The City conducted a valuation of its infrastructure assets as of July 1, 2001. This valuation determined the original cost using one of the following methods:

- 1) Use of historical records where available.
- 2) Standard unit costs appropriate for the construction/acquisition date of the asset.
- 3) Present replacement cost indexed by a reciprocal factor of the price increase from the construction/acquisition date to the current date.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**1. SIGNIFICANT ACCOUNTING POLICIES, Continued**

The accumulated depreciation, defined as the total depreciation from the date of construction/acquisition to the current date was computed on a straight-line method using industry accepted life expectancies for each infrastructure subsystem. The book value was then computed by deducting the accumulated depreciation from the original cost.

***K. Compensated Absences***

Accrued vacation pay and floating holiday pay for all regular City employees and paid time-off for management employees is recorded in the Employee Benefits Internal Service Fund and is fully funded by cash and investments. Some employees also accrue compensatory time. Sick leave for regular employees does not vest. The City's disability plan provides for wage continuation for up to ninety calendar days per illness or disability after which payments may be assumed by a long-term disability insurance carrier to the age of seventy, depending on age at time of disability. The total amount of vacation, floating holiday, compensatory time, and paid time off is included as a liability in the governmental activities of the Government-Wide financial statements.

***L. Deferred Revenue***

In the Government-Wide Financial Statements, deferred revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions recorded as deferred revenues in the Government-Wide financial statements are unearned grant revenues and prepaid charges for services.

In the Fund Financial Statements, deferred revenue is recorded when transactions have not yet met the revenue recognition criteria based on the modified accrual basis of accounting. The City records deferred revenue for transactions for which revenues have not been earned, or for which funds are not available to meet current financial obligations. Typical transactions for which deferred revenue is recorded are grants received but not yet earned or available, interest on interfund advances receivable, long-term assessments and long-term loans receivables.

***M. Claims and Judgments***

Claims and judgments are recognized as expenditures when it is probable that the liability has been incurred and the amount of the loss can be reasonably estimated based on actuarial studies.

***N. Long-term Debt***

**Government-Wide Financial Statements**

Long-term debt and other financial obligations are reported as liabilities in the appropriate activities.

Bond premiums and discounts and issuance costs are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premium or discount. Issuance costs are reported as deferred charges.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**1. SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Fund Financial Statements**

Long-term debt is not reported in the Fund Financial Statements but is shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

In the Fund Financial Statements, governmental funds recognize bond premiums and discounts and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. All debt issuance costs are reported as debt service expenditures.

*O. Net Assets and Fund Equity*

**Government-Wide Financial Statements**

Invested in Capital Assets, Net of Related Debt – This amount consists of capital assets net of accumulated depreciation and reduced by outstanding debt that is attributed to the acquisition, construction, or improvement of the assets.

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

Unrestricted – This amount is all net assets that do not meet the definition of “invested in capital assets, net of related debt” or “restricted net assets.”

**Fund Financial Statements**

Fund Equity – Reservations and designations of fund balances of governmental funds and unrestricted net assets of proprietary funds are created to either satisfy legal covenants, including State laws, that require a portion of the fund equity be segregated or identify the portion of the fund equity not available for future expenditures.

*P. Use of Estimates*

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

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**1. SIGNIFICANT ACCOUNTING POLICIES, Continued**

***Q. Implementation of New GASB Pronouncements***

In fiscal year 2004-05, the City adopted Governmental Accounting Standards Board: Statement No. 44, *Economic Condition Reporting: The Statistical Section*. There were no effects on the accompanying basic financial statements as a result of this Statement.

***R. Legal Level of Budgetary Control***

The legal level of budgetary control is placed by the City Council at the program level, with adjustments between programs within funds allowed below specified thresholds. A separate Budgetary Year-End Financial Report is prepared in December of each year, which presents details to demonstrate compliance at the legal level of control for the previous fiscal year.

**2. CASH AND INVESTMENTS**

The City maintains a cash and investment pool, which includes cash balances and authorized investments of all funds. This pooled cash is invested by the City Treasurer to enhance interest earnings. The pooled interest earned is allocated to the funds based on cash and investment balances in these funds at the end of each accounting period.

***A. Deposits***

The carrying amounts of the City's cash deposits were \$698,556 at June 30, 2005. Bank balances before reconciling items were \$18,965,794 at that date, the total amount of which was collateralized or insured with securities held by the pledging financial institutions in the City's name as discussed below. The City follows the practice of pooling cash and investments of all funds, except for funds required to be held by fiscal agents under the provisions of bond indentures. Interest income earned on pooled cash and investments is allocated on an accounting period basis to the various funds based on the period-end cash and investment balances. Interest income from cash and investments with fiscal agents is credited directly to the related fund.

The California Government Code requires California banks and savings and loan associations to secure the City's cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City's name. The market value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure city deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits. The City may waive collateral requirements for cash deposits, which are fully insured up to \$100,000 by the Federal Deposit Insurance Corporation. The City, however, has not waived the collateralization requirements.

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2005**

**2. CASH AND INVESTMENTS, Continued**

**B. Investments**

Under the provisions of the City’s Investment Policy, and in accordance with the California Government Code, the following investments were authorized:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Maximum Percentage of Portfolio</u>	<u>Maximum Investment in One Issuer</u>
Securities issued by the U.S. Treasury	7 years	100%	N/A
U.S. Agency Securities	7 years	100%	N/A
Banker's Acceptances	180 days	30%	5%
Non-negotiable Certificates of Deposit	1 year	20%	5%
Negotiable Certificates of Deposit	180 days	30%	5%
Repurchase Agreements	15 days	10%	N/A
Local Agency Investment Fund	N/A	20%	N/A
Corporate Medium-term Notes	5 years	30%	5%
Mortgage Pass-through Securities	5 years	20%	5%
Asset-backed Securities	5 years	20%	5%
Money Market Mutual Funds	N/A	10%	N/A
Commercial Paper	180 days	15%	5%

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments were stated at fair value using the aggregate method in all funds and component units, resulting in the following investment income:

	<u>Governmental Activities</u>			<u>Business-Type Activities</u>
	<u>Governmental Funds</u>	<u>Internal Service Funds</u>	<u>Total</u>	
Investment Income				
Interest	\$ 4,911,673	\$ 2,210,300	\$ 7,121,973	\$ 1,655,617
Net Changes in the fair value of investments	(2,053,275)	(1,008,692)	(3,061,967)	(523,039)
Interest on Interfund Advances	-	-	-	86,236
<b>Investment Income - Fund Financial Statements</b>	<u>\$ 2,858,398</u>	<u>\$ 1,201,608</u>	<u>4,060,006</u>	<u>1,218,814</u>
<b>Reconciliation to Government-Wide Investment Earnings:</b>				
Deferred Interest - Interfund Advances to Business-Type			2,794,111	-
Interest accrued and recognized in prior year that became available in current year:				
Sunnyvale Community Services Loan			(78,375)	-
Loans to City Employees			(188,530)	-
<b>Investment Income - Government-Wide Financial Statements</b>			<u>\$ 6,587,212</u>	<u>\$ 1,218,814</u>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**2. CASH AND INVESTMENTS, Continued**

***B. Investments, Continued***

The City portfolio value fluctuates in an inverse relationship to any change in interest rate. In accordance with GASB Statement No. 31, the net changes in the fair value of investments take into account all changes in fair value (including purchases and sales) that occurred during the year. These portfolio value changes are unrealized unless sold. These unrealized value changes do not represent actual market fluctuations or losses since the City’s policy is to buy and hold investments until their maturity dates.

***C. Summary of Cash and Investments***

The following is a summary of cash and investments at June 30, 2005:

	<u>Government-Wide Statement of Net Assets</u>			<u>Funds Financials</u>	
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Fiduciary Funds Statement of Net Assets</u>	<u>Total</u>
Cash and Investments	\$ 141,841,490	\$ 30,605,912	\$ 172,447,402	\$ -	\$ 172,447,402
Restricted Cash and Investments					
Held by the City	36,490,321	-	36,490,321	1,476,621	37,966,942
Held by the Fiscal Agent	3,624,489	15,039,457	18,663,946	1,748,143	20,412,089
<b>Total</b>	<u>\$ 181,956,300</u>	<u>\$ 45,645,369</u>	<u>\$ 227,601,669</u>	<u>\$ 3,224,764</u>	<u>\$ 230,826,433</u>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**2. CASH AND INVESTMENTS, Continued**

**C. Summary of Cash and Investments, Continued**

At June 30, 2005, the City had the following deposits and investments, including \$3,224,764 held in an agency capacity for others:

	<u>Credit Quality Ratings</u>	<u>Fair Value</u>
<b>City Treasury:</b>		
Deposits	Not Rated	\$ 698,556
<b>Investments:</b>		
Repurchase Agreements (1)	Not Rated	16,377,000
Securities of U.S. Government Agencies:		
FHLB (3)	AAA, Aaa	62,636,680
FHLMC (3)	AAA, Aaa	33,014,293
FNMA (3)	AAA, Aaa	34,144,900
GNMA (2)	N/A	31,476
U.S. Treasury (2)	N/A	23,618,715
		<hr/>
Total Securities of U.S. Government Agencies		153,446,064
Local Agency Investment Funds	Not Rated	39,892,724
		<hr/>
<b>Total Investments</b>		209,715,788
<b>Total City Treasury</b>		<hr/> 210,414,344 <hr/>
<b>Cash and Investments with Fiscal Agents:</b>		
Guaranteed Investment Contracts	Not Rated	7,782,840
Treasury Obligation Mutual Funds	Not Rated	12,629,249
		<hr/>
<b>Total Restricted Cash and Investments</b>		20,412,089
<b>Total Cash and Investments</b>		<hr/> <b>\$ 230,826,433</b> <hr/>

- (1) Repurchase agreements are collateralized with securities issued by the U.S. Treasury or fully guaranteed as to payment by an agency of the U.S. Government.
- (2) Explicitly guaranteed by the U.S. government or issuing agency.
- (3) Rated AAA by S&P and Aaa by Moody's.

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2005**

**2. CASH AND INVESTMENTS, Continued**

**D. Risk Disclosures**

Interest Rate Risk - To minimize the City's exposure to fair value losses caused by rising interest rates, the City's investment policy limits its investment portfolio to an average maturity of no greater than 2.5 years.

Investments held in the City Treasury grouped by maturity date at June 30, 2005 are as follows:

Investment Type	Investment Maturity (in years)				Total Fair Value
	1 year or less	1 to 2 years	2 to 5 years	5 to 10 years	
Security of US Government Treasury Agencies					
FHLB	\$ 35,706,367	\$ 26,930,313	\$ -	\$ -	\$ 62,636,680
FHLMC	24,005,469	8,982,813	22,695	3,316	33,014,293
FNMA	27,232,400	6,912,500	-	-	34,144,900
US Treasuries	10,093,125	13,525,590	-	-	23,618,715
Local Agency Investment Funds	39,892,724	-	-	-	39,892,724
Repurchase Agreements	16,377,000	-	-	-	16,377,000
GNMA	-	-	31,476	-	31,476
<b>Total</b>	<b>\$ 153,307,085</b>	<b>\$ 56,351,216</b>	<b>\$ 54,171</b>	<b>\$ 3,316</b>	<b>\$ 209,715,788</b>

Credit Risk – This is risk that a security or a portfolio will lose some or all of its value due to a real or perceived change in the ability of the issuer to repay its debt. The City's investment policy is that no more than 5% of the total portfolio may be invested in securities of any single issuer, other than the US Government, its agencies and instrumentalities, and LAIF. If a security is downgraded by either Moody's or S&P to a level below the minimum quality required by the City, it shall be the City's policy to sell that security as soon as practicable.

Custodial Credit Risk - This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are held by the counterparty. All of the City's investments in securities are held in the name of the City. The City's custodial agreement policy prohibits counterparties holding securities not in the City's name.

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2005**

**2. CASH AND INVESTMENTS, Continued**

**E. Investments in Local Agency Investment Funds**

The City’s investments with the Local Agency Investment Fund (LAIF), a State of California investment pool, at June 30, 2005, included a portion of the pool funds invested in Structured Notes and Asset-Backed Securities. These investments included the following:

Structured Notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indexes and/or that have embedded forwards or options.

Asset-Backed Securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as Collateralized Mortgage Obligations) or credit card receivables.

As of June 30, 2005, the City had \$39,892,724 invested in LAIF, which had invested 2.604% of the pool investment funds in Structured Notes and Asset-Backed Securities. The City valued its investments in LAIF as of June 30, 2005, by multiplying its account balance with LAIF by a fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants’ total aggregate fair value by total aggregate amortized cost resulting in a factor of 0.997747553.

**3. RECEIVABLES**

**Government Wide Financial Statements**

At June 30, 2005, the Government-Wide Financial Statements show the following current receivables net of allowances for uncollectible amounts:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Accounts	\$ 649,109	\$ 9,322,665	\$ 9,971,774
Taxes	6,594,388	-	6,594,388
Interest	1,528,255	319,119	1,847,374
Other	305,575	7,444	313,019
<b>Total</b>	<b>\$ 9,077,327</b>	<b>\$ 9,649,228</b>	<b>\$ 18,726,555</b>

See the Fund Financial Statements section below for detail explanations for all receivables, including intergovernmental and other long-term receivables.

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2005**

**3. RECEIVABLES, Continued**

**Fund Financial Statements**

**A. Current Receivables**

At June 30, 2005, the Fund Financial Statements show the following current receivables net of allowances for uncollectible amounts:

	<u>Accounts</u>	<u>Taxes</u>	<u>Interest</u>	<u>Other</u>	<u>Less: Allowance for Uncollectible</u>	<u>Total</u>
<b>Governmental Funds:</b>						
General	\$ 745,567	\$ 6,481,120	\$ 563,135	\$ 282,489	\$ (131,480)	\$ 7,940,831
Employment Development	450	-	-	2,810	-	3,260
Redevelopment Debt Service	-	-	13,650	-	-	13,650
City Projects	-	-	74,643	2,234	-	76,877
Nonmajor Funds	28,090	113,268	362,762	5,000	-	509,120
<b>Total Governmental Funds</b>	<b>774,107</b>	<b>6,594,388</b>	<b>1,014,190</b>	<b>292,533</b>	<b>(131,480)</b>	<b>8,543,738</b>
<b>Proprietary Funds:</b>						
Water Supply and Distribution	3,588,393	-	60,349	-	(189,341)	3,459,401
Wastewater Management	2,495,232	-	137,194	1,000	(151,294)	2,482,132
Solid Waste Management	3,961,764	-	82,176	-	(416,342)	3,627,598
SMART Station	-	-	27,520	-	-	27,520
Community Recreation	38,729	-	11,880	6,444	(4,476)	52,577
Internal Service Funds	93,298	-	514,065	13,042	(86,816)	533,589
<b>Total Proprietary Funds</b>	<b>10,177,416</b>	<b>-</b>	<b>833,184</b>	<b>20,486</b>	<b>(848,269)</b>	<b>10,182,817</b>
<b>Total Governmental and Proprietary Funds</b>	<b>10,951,523</b>	<b>6,594,388</b>	<b>1,847,374</b>	<b>313,019</b>	<b>(979,749)</b>	<b>18,726,555</b>
<b>Agency Funds</b>	<b>2,140</b>	<b>-</b>	<b>51,948</b>	<b>-</b>	<b>-</b>	<b>54,088</b>
<b>Total</b>	<b>\$ 10,953,663</b>	<b>\$ 6,594,388</b>	<b>\$ 1,899,322</b>	<b>\$ 313,019</b>	<b>\$ (979,749)</b>	<b>\$ 18,780,643</b>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**3. RECEIVABLES, Continued**

***B. Intergovernmental Receivables***

Intergovernmental receivables are incurred as a result of grants and other intergovernmental revenue the City has earned but not yet received. At June 30, 2005, the City had intergovernmental receivables in the following major funds and nonmajor funds in the aggregate:

<b><i>Governmental Funds:</i></b>	
General Fund	\$ 866,514
Employment Development Special Revenue Fund	754,067
City Projects Fund	669,387
Nonmajor Funds	<u>883,689</u>
<b>Total Governmental Funds</b>	<u><u>3,173,657</u></u>
<b><i>Proprietary Funds:</i></b>	
Water Supply and Distribution Enterprise Fund	199,496
Wastewater Management Enterprise Fund	11,517
Solid Waste Management Enterprise Fund	<u>40,895</u>
<b>Total Proprietary Funds</b>	<u><u>251,908</u></u>
<b>Total</b>	<u><u>\$ 3,425,565</u></u>

***C. Other Long-term Receivables***

At June 30, 2005, the City had the following long-term receivables in the Governmental Funds:

	<b><u>General Fund</u></b>
Sunnyvale School District	\$ 1,826,901
Loans to City Employees	<u>2,861,292</u>
<b>Total</b>	<u><u>\$ 4,688,193</u></u>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

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**3. RECEIVABLES, Continued**

*D. Other Long-term Receivable, Continued*

**Sunnyvale School District**

During fiscal year 1992-93, the City issued \$2,310,000 Certificates of Participation (ABAG 27 Series A) to acquire and install modular classroom buildings on sites owned by the Sunnyvale School District. During fiscal year 1997-98, the City issued \$1,935,000 Certificates of Participation (ABAG 39) to acquire relocatable classroom buildings on sites owned by the Sunnyvale School District. The above debt issuances were to provide childcare and preschool education services within the boundaries of the City for the benefit of the Sunnyvale School District (District). The District leases the modular classroom buildings from the City and pays semi-annual rent. The lease payments will expire in fiscal year 2006-07 for ABAG 27 Series A project and in fiscal year 2012-13 for ABAG 39 project.

At June 30, 2005, loans receivable related to ABAG 27 Series A and ABAG 39 projects amounted to \$542,458 and \$1,284,443 respectively for a total of \$1,826,901. A corresponding deferred revenue was recorded in the Fund Financial Statements because this amount is not available to meet current liability requirements, and future lease payments depend on continued use of the projects. The receivable and deferred revenues were both eliminated in the Government-Wide Financial Statements.

**Loans to City Employees**

In 1981, the City Council established a mortgage loan program for Council-appointed officers and department heads. The program was designed to keep the cost of housing from limiting the number of qualified applicants for senior executive positions. All loans are secured by a deed of trust, carry interest at rates ranging from 2.118% to 3.879%, and have repayment terms of up to 45 years. As of June 30, 2005, the City had five loans outstanding to City employees totaling \$2,861,292, including accrued interest of \$128,952, which is recorded as deferred revenue.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**3. RECEIVABLES, Continued**

**E. Housing Loans Receivable**

At June 30, 2005, the City had the following housing loans receivable in the Governmental Funds:

*Governmental Funds:*

<u>Year Ending June 30,</u>	<u>Community Development Block Grant</u>	<u>Housing Mitigation</u>	<u>Rental Rehabilitation</u>	<u>HOME Grant</u>	<u>Total</u>
2006	\$ 146,830	\$ 451,294	\$ -	\$ -	\$ 598,124
2007	116,759	350,000	-	-	466,759
2008	124,918	-	13,638	-	138,556
2009	245,814	-	-	-	245,814
2010	367,334	-	-	-	367,334
2011-2015	1,123,424	-	-	-	1,123,424
2016-2020	761,317	-	24,345	-	785,662
2021-2025	629,238	-	-	1,633,473	2,262,711
2026-2030	836,006	783,880	-	832,311	2,452,197
2031-2035	526,507	816,438	-	1,762,375	3,105,320
2036-2040	3,328,415	1,019,314	-	-	4,347,729
2040-2045	810,751	468,881	-	1,692,806	2,972,438
Due Upon Sale or Transfer of Property	1,113,824	-	-	-	1,113,824
	<u>\$ 10,131,137</u>	<u>\$ 3,889,807</u>	<u>\$ 37,983</u>	<u>\$ 5,920,965</u>	<u>\$ 19,979,892</u>
Less: Allowance for Uncollectibles (2%)					<u>(395,844)</u>
<b>Housing Loans Receivables, Net</b>					<u>\$ 19,584,048</u>

**Community Development Block Grant (CDBG) Loans**

The City had made a number of loans totaling \$10,131,137 to qualified applicants using Community Development Block Grants. These loans can be used for the acquisition and development of new affordable housing units. Loans are also available to low-income households for the rehabilitation of single family and mobile homes.

**Housing Mitigation Loans**

The City has made housing mitigation loans totaling \$3,889,807. These loans are given to qualified applicants and can be used for acquisition, rehabilitation, new construction and predevelopment costs of affordable housing.

**Rental Rehabilitation Loans**

The City has made loans totaling \$37,983 for rehabilitation of rental property. The program is no longer active and any amounts outstanding are from old loans.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**3. RECEIVABLES, Continued**

*E. Housing Loans Receivable, Continued*

**HOME Grant Loans**

The City has made loans totaling \$5,920,965 using Federal HOME funds for the construction, rehabilitation, or acquisition of housing for low-income households.

All housing loans, excluding mobile home loans, are secured by deeds of trust. Mobile home loans are secured by certificates of title. These loans carry interest rates ranging from 0% to 5% with repayment terms from 10 to 55 years or upon sale or transfer of property. In the Fund Financial Statements, an offsetting amount is recorded as deferred revenue since repayment of these loans is not assured until cash is received and in some instances the loans are forgiven (e.g. mobile home loans due to depreciation.) In the Government-Wide Financial Statements, the housing loans receivable is reported as a restricted asset. The receivable balance is increased by the issuance of new loans and interest accrued on the loans and is decreased by loan repayments.

**4. DEFERRED REVENUE**

**Government-Wide Financial Statements**

Deferred revenues in Government-Wide Financial Statements represent amounts for which revenues have not been earned. At June 30, 2005, deferred revenues in the Government-Wide Financial Statements were as follows:

	<b>Governmental Activities</b>
Customer prepayments	\$ 237,692
Unearned grant revenues	116,667
<b>Total</b>	<b>\$ 354,359</b>

Customer prepayments consisted of \$226,206 for business license renewal and \$11,485 for use of City property. Beginning fiscal year 2004-05, renewal of business licenses has been changed from annually to bi-annually. The prorated portion belonging to fiscal year 2005-06 was reported as deferred revenue.

Unearned grant revenues were funds received from other governmental agencies which the City had not fulfill grant requirements at the end of fiscal year 2005.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**4. DEFERRED REVENUE, Continued**

**Fund Financial Statements**

At June 30, 2005, the following deferred revenues were recorded in the Fund Financial Statements because either the revenues had not been earned or the funds were not available to finance expenditures of the current period:

*Governmental Funds:*

	<u>General Fund</u>	<u>Employment Development</u>	<u>City Projects</u>	<u>Nonmajor</u>	<u>Total</u>
Interest Accruals:					
Interfund Advances	\$ 63,140,149	\$ -	\$ -	\$ -	\$ 63,140,149
Loan to City Employees	128,952	-	-	-	128,952
Long-term assessment	273,400	-	-	-	273,400
Other long-term receivable	1,826,901	-	-	-	1,826,901
Housing loans receivable	-	-	-	19,979,892	19,979,892
Unearned grant revenues	264,429	45,581	71,086	-	381,096
<b>Total</b>	<u>\$ 65,633,831</u>	<u>\$ 45,581</u>	<u>\$ 71,086</u>	<u>\$ 19,979,892</u>	<u>\$ 85,730,390</u>

**5. INTERFUND RECEIVABLES/PAYABLES**

*A. Due to/from Other Funds*

The composition of due to/from other funds as of June 30, 2005 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Employment Development	\$ 92,179
	Nonmajor Fund:	
	Police Services Augmentation	156
City Projects Fund	Nonmajor Fund:	
	Transportation Development Act	6,118
Nonmajor Fund:	Nonmajor Fund:	
Low and Moderate Income Housing	Redevelopment Agency	6,238,207
<b>Total</b>		<u>\$ 6,336,660</u>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**5. INTERFUND RECEIVABLES/PAYABLES, Continued**

*A. Due to/from Other Funds, Continued*

The amounts due to the General Fund from other funds are due to cash flow needs of the receiving funds at June 30. These amounts are repaid shortly after the end of the year, as cash becomes available to these funds.

The amount of \$6,238,207 represents the 20% of redevelopment property tax increment revenues that are set aside for low and moderate income housing by State law. The Agency cannot provide funding due to pre-existing bonded debt and other obligations. The advance carries no interest and has no specific repayment terms.

*B. Advances to/from Other Funds*

The composition of advances to/from other funds as of June 30, 2005 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Redevelopment Agency Debt Service	\$ 51,193,804
	Water Supply and Distribution	1,943,738
	Wastewater Management	16,499,010
	Solid Waste Management	22,467,886
	Internal Service - General Services	3,394,960
<b>Total</b>		<u>\$ 95,499,398</u>

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2005****5. INTERFUND RECEIVABLES/PAYABLES, Continued**

The Redevelopment Agency (as lessor) entered into a lease agreement with the City (as lessee) on May 1, 1977, for a two-level parking structure at the Sunnyvale Town Center Mall. The lease, as amended, requires the City to pay to the Agency base rental payments ranging from \$1,131,103 to \$1,281,250 on October 1 and April 1 of each year until October 1, 2022. In addition to base rental payments, the City is also obligated to pay all taxes, assessments, administrative costs, certain insurance premiums, certain maintenance costs, and all other such costs in order to maintain the existence of the parking structure or to comply with the terms of the related bond resolutions. During the fiscal year ended June 30, 2005, the City made \$1,211,728 in base rental payments to the Agency. According to the terms of the First Amended Repayment Contract, the Agency made the commitment to repay the City for costs advanced on its behalf and base rentals plus 8% interest thereon. During the fiscal year ended June 30, 2002, the General Funds advanced \$1,500,000 to the Redevelopment Agency to fund downtown public improvements. This advance bears interest at 6% and repayment is deferred until all other City advances to the Agency are paid off. The funds needed to repay the City are generated from tax increment revenues. The remaining tax increment revenues determine each year's repayment to the General Fund after paying the Central Core bonded debt service. Repayments totaling \$2,817,473 were made during the fiscal year ended June 30, 2005. However, during the year, in addition to base rental payments, the General Fund also made additional advances of \$162,970 to cover the Agency's operating and project expenditures. At June 30, 2005, total loan balance was \$51,193,804, including accrued interest of \$40,597,366.

During the fiscal year ended June 30, 2003, the City purchased property located at 239 Commercial Street to provide additional space for Public Works Corporation Yard. The total purchase price of \$2,550,000 was funded by the City's Water Supply and Distribution and Wastewater Management Enterprise Funds based on the number of staff located at the corporation yard. Using this methodology, the Water Supply and Distribution Fund's share of the costs amounted to 64% or \$1,632,000, and the Wastewater Management Fund's share amounted to 36% or \$918,000. The Wastewater Management Fund had sufficient funds for the purchase. Since the Water Supply and Distribution Fund did not have sufficient funds, the General Fund agreed to loan the Water Supply and Distribution Fund the amount of \$1,632,000. The loan accrues interest of 6% starting in fiscal year 2003. Annual payments of \$190,410 are budgeted to begin in fiscal year 2008 through fiscal year 2027. At June 30, 2005, total loan balance was \$1,943,738, including accrued interest of \$311,738.

During fiscal year ended June 30, 2000, the General Fund advanced \$2,000,000 to the General Services Internal Service Fund for cash flow purposes for the Technology Services Subfund. The advance bears interest at 7% and is payable in annual installments, including interest, of \$427,340 starting fiscal year 2006-07 through fiscal year 2015-16. Unpaid interest increases the principal due. During fiscal year 2000-01, the General Fund advanced an additional \$450,000 to the General Services Public Safety Equipment Subfund for cash flow purposes. The advance bears interest at 7% and is payable in annual installments ranging from \$50,000 to \$126,991, including interest, from fiscal year 2007-08 to fiscal year 2017-18. At June 30, 2005, total loan balance was \$3,394,960, including accrued interest of \$944,961.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

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**5. INTERFUND RECEIVABLES/PAYABLES, Continued**

During the fiscal year ended June 30, 1981, the General Fund advanced to the Wastewater Management Fund \$10,700,000 for the purpose of remodeling the primary facilities of the wastewater treatment plant and expanding the plant capacity from 22.5 million gallons per day to 29.5 million gallons per day. Starting from fiscal year 1994-95, the interest charged to the Wastewater Management Fund has been reduced from 12% to 7%. Unpaid interest has increased the principal due to the General Fund. During the current fiscal year, repayment of \$850,000 was made to the General Fund. Annual installments of \$875,500 to \$2,404,558, including interest, were budgeted beginning fiscal year 2005-06 through fiscal year 2023-24. During fiscal year 1995-96, the General Fund advanced an additional \$2,453,635 to the Wastewater Management Fund for cash flow purposes. The interest accrued on the unpaid principal increased the amount due to the General Fund. The advance bears interest at 7% and was budgeted to be paid in annual installments, including interest, of \$311,345 from fiscal year 2004-05 through fiscal year 2023-24. At June 30, 2005, total loan balance was \$16,499,010, including accrued interest of \$10,349,162.

During fiscal years June 30, 1985, 1988 and 1989, the General Fund advanced to the Solid Waste Management Fund a total of \$3,680,000 to construct and operate a system to convert methane gas to a marketable form of energy. Between fiscal years 1994-95 and 1998-99, the General Fund advanced a total of \$10,505,152 to the Solid Waste Management Fund for the purpose of stabilizing the rates charged to utility customers in the long run. The advances bear interest at 7%. Unpaid interest increases the principal balance. During fiscal year 2004-05, repayment of \$900,000 was made to the General Fund. Annual repayment ranging from \$900,000 to \$2,975,071 is scheduled to be made from fiscal year 2005-06 to 2023-24. At June 30, 2005, total loan balance was \$22,467,886, including accrued interest of \$10,936,922.

During fiscal year ended June 30, 1994, the Water Supply and Distribution Fund advanced \$1,707,698 to the Solid Waste Management Fund to finance a portion of the cost to place a final cover on the City's landfill. The advance bears interest at 7.5%. Total loan balance of \$1,149,817 was paid off at the beginning of fiscal year 2004-05.

**6. CAPITAL ASSETS**

The City elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its pavement system. As a result, no accumulated depreciation or depreciation expense has been recorded for this system. A more detailed discussion of the "Modified Approach" is presented in the Required Supplementary Information section of this report. All other capital assets including other infrastructure systems were reported using the Basic Approach whereby accumulated depreciation and depreciation expense have been recorded. The following table presents summary information on capital assets.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**6. CAPITAL ASSETS, Continued**

**Government-Wide Financial Statements**

At June 30, 2005, the City's capital assets consisted of the following:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
<b>Nondepreciable Assets:</b>			
Land	\$ 104,032,562	\$ 16,269,169	\$ 120,301,731
Construction in Progress	1,791,445	6,409,761	8,201,206
Infrastructure - Streets	157,813,883	-	157,813,883
<b>Total Nondepreciable Assets</b>	<u>263,637,890</u>	<u>22,678,930</u>	<u>286,316,820</u>
<b>Depreciable Assets:</b>			
Buildings	88,233,657	22,248,674	110,482,331
Improvements	62,355,190	135,408,390	197,763,580
Equipment	31,133,573	718,861	31,852,434
Infrastructure:			
Sidewalks	33,513,568	-	33,513,568
Curbs and Gutters	30,369,713	-	30,369,713
Street Lights	2,799,664	-	2,799,664
Traffic Signals	5,353,707	-	5,353,707
<b>Total Depreciable Assets</b>	<u>253,759,072</u>	<u>158,375,925</u>	<u>412,134,997</u>
<b>Less Accumulated Depreciation</b>	<u>(119,956,178)</u>	<u>(75,487,291)</u>	<u>(195,443,469)</u>
<b>Total Depreciable Assets, Net</b>	<u>133,802,894</u>	<u>82,888,634</u>	<u>216,691,528</u>
<b>Total Capital Assets</b>	<u><u>\$ 397,440,784</u></u>	<u><u>\$ 105,567,564</u></u>	<u><u>\$ 503,008,348</u></u>

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2005**

**6. CAPITAL ASSETS, Continued**

The following is a summary of capital assets for governmental activities:

	<b>Balance July 1, 2004</b>	<b>Tranfers to Business-Type Activities</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2005</b>
<b>Nondepreciable Assets:</b>					
Land	\$ 104,032,562	\$ -	\$ -	\$ -	\$ 104,032,562
Construction in Progress	3,211,679	(729,147)	798,611	(1,489,698)	1,791,445
Infrastructure - Streets	157,685,883	-	128,000	-	157,813,883
<b>Total Nondepreciable Assets</b>	<b>264,930,124</b>	<b>(729,147)</b>	<b>926,611</b>	<b>(1,489,698)</b>	<b>263,637,890</b>
<b>Depreciable Assets:</b>					
Buildings and Structures	86,808,887	(19,389)	1,703,274	(259,115)	88,233,657
Improvements Other than Buildings	64,882,987	(4,149,811)	1,622,014	-	62,355,190
Machinery and Equipment	30,640,283	(10,080)	1,300,258	(796,888)	31,133,573
Infrastructure	71,499,207	-	537,445	-	72,036,652
<b>Total Depreciable Assets</b>	<b>253,831,364</b>	<b>(4,179,280)</b>	<b>5,162,991</b>	<b>(1,056,003)</b>	<b>253,759,072</b>
<b>Accumulated Depreciation:</b>					
Buildings and Structures	(28,732,117)	2,908	(2,389,107)	138,463	(30,979,853)
Improvements Other than Buildings	(21,577,602)	348,327	(3,833,848)	-	(25,063,123)
Machinery and Equipment	(18,032,569)	7,056	(2,021,609)	712,291	(19,334,831)
Infrastructure	(42,701,852)	-	(1,876,519)	-	(44,578,371)
<b>Total Accumulated Depreciation</b>	<b>(111,044,140)</b>	<b>358,291</b>	<b>(10,121,083)</b>	<b>850,754</b>	<b>(119,956,178)</b>
<b>Depreciable Assets, Net</b>	<b>142,787,224</b>	<b>(3,820,989)</b>	<b>(4,958,092)</b>	<b>(205,249)</b>	<b>133,802,894</b>
<b>Total Governmental Activities Capital Assets, Net</b>	<b>\$ 407,717,348</b>	<b>\$ (4,550,136)</b>	<b>\$ (4,031,481)</b>	<b>\$ (1,694,947)</b>	<b>\$ 397,440,784</b>

Governmental activities' depreciation expense for capital assets for the year ended June 30, 2005 are as follows:

Planning and Management	\$ 1,156,166
Public Safety	864,350
Community Development	3,759,791
Transportation	2,391,234
Socioeconomic	109,507
Cultural	1,328,916
Environmental Management	511,119
<b>Total Depreciation Expense</b>	<b>\$ 10,121,083</b>

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2005**

**6. CAPITAL ASSETS, Continued**

The following is a summary of capital assets for business-type activities:

	Balance July 1, 2004	Transfer from Governmental Activities	Additions	Deletions	Balance June 30, 2005
<b>Nondepreciable Assets:</b>					
Land	\$ 16,269,169	\$ -	\$ -	\$ -	\$ 16,269,169
Construction in Progress	230,819	729,147	5,477,566	(27,771)	6,409,761
<b>Total Nondepreciable Assets</b>	<u>16,499,988</u>	<u>729,147</u>	<u>5,477,566</u>	<u>(27,771)</u>	<u>22,678,930</u>
<b>Depreciable Assets:</b>					
Buildings and Structures	21,938,146	19,389	291,137	-	22,248,672
Improvements Other than Buildings	130,902,587	4,149,811	355,992	-	135,408,390
Machinery and Equipment	689,475	10,080	24,800	(5,494)	718,861
<b>Total Depreciable Assets</b>	<u>153,530,208</u>	<u>4,179,280</u>	<u>671,929</u>	<u>(5,494)</u>	<u>158,375,923</u>
<b>Accumulated Depreciation:</b>					
Buildings and Structures	(18,550,074)	(2,908)	(540,825)	-	(19,093,807)
Improvements Other than Buildings	(52,202,398)	(348,327)	(3,331,339)	-	(55,882,064)
Machinery and Equipment	(457,863)	(7,056)	(51,993)	5,494	(511,418)
<b>Total Accumulated Depreciation</b>	<u>(71,210,335)</u>	<u>(358,291)</u>	<u>(3,924,157)</u>	<u>5,494</u>	<u>(75,487,289)</u>
<b>Depreciable Assets, Net</b>	<u>82,319,873</u>	<u>3,820,989</u>	<u>(3,252,228)</u>	<u>-</u>	<u>82,888,634</u>
<b>Total Business-Type Activities Capital Assets, Net</b>	<u>\$ 98,819,861</u>	<u>\$ 4,550,136</u>	<u>\$ 2,225,338</u>	<u>\$ (27,771)</u>	<u>\$ 105,567,564</u>

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2005 are as follows:

Water Supply and Distribution	\$ 1,179,368
Wastewater Management	1,557,862
Solid Waste Management	75,990
SMaRT Station	832,281
Community Recreation	278,656
<b>Total Depreciation Expense</b>	<u>\$ 3,924,157</u>

**Fund Financial Statements**

The Fund Financial Statements do not present General Government Capital Assets, which are shown in the Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Assets.

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2005**

**7. LONG-TERM LIABILITIES**

Following is a summary of changes in long-term liabilities during the fiscal year ended June 30, 2005:

Description	Beginning Balance July 1, 2004	Additions	Reductions	Bond Amortization	Ending Balance June 30, 2005	Amounts Due Within One Year	Amount Due in More than One Year
<b>Governmental Activities:</b>							
Bonds Payable:							
Special Assessment Bonds	280,000	-	(280,000)	-	-	-	-
Certificates of Participation:							
1993 ABAG	810,000	-	(185,000)	-	625,000	195,000	430,000
1998 ABAG	1,400,000	-	(110,000)	-	1,290,000	115,000	1,175,000
1998 Parking Facility, Series A	14,965,000	-	(500,000)	-	14,465,000	520,000	13,945,000
2001 Government Center	17,600,000	-	(395,000)	-	17,205,000	410,000	16,795,000
Tax Allocation Bonds							
Central Core, Series 2003	7,893,748	-	(230,000)	3,661	7,667,409	285,000	7,382,409
Rebatable Arbitrage	45,560	27,737	-	-	73,297	44,668	28,629
Self Insurance and Contingent Liability	12,327,000	341,000	(469,000)	-	12,199,000	2,720,899	9,478,101
Compensated Absences	7,255,983	6,605,324	(6,259,424)	-	7,601,883	7,079,837	522,046
<b>Total Governmental Activities</b>	<b>\$ 62,577,291</b>	<b>\$ 6,974,061</b>	<b>\$ (8,428,424)</b>	<b>\$ 3,661</b>	<b>\$ 61,126,589</b>	<b>\$ 11,370,404</b>	<b>\$ 49,756,185</b>
<b>Business-Type Activities:</b>							
Bonds Payable:							
Revenue Bonds:							
Water and Wastewater, Series 2001	29,563,071	-	(1,230,000)	13,211	28,346,282	1,270,000	27,076,282
Solid Waste, Series 2003	19,426,618	-	(1,065,000)	9,086	18,370,704	1,105,000	17,265,704
Landfill Postclosure Care Costs	4,093,277	-	(123,003)	-	3,970,274	-	3,970,274
<b>Total Business-Type Activities</b>	<b>\$ 53,082,966</b>	<b>\$ -</b>	<b>\$ (2,418,003)</b>	<b>\$ 22,297</b>	<b>\$ 50,687,260</b>	<b>\$ 2,375,000</b>	<b>\$ 48,312,260</b>

**A. Bonds Payable**

The ratings for the City's outstanding bonds at June 30, 2005 were as follows:

	Outstanding Par Amount	Moody's Investors Service	Standard and Poor's
Central Core Tax Allocation Refunding Bonds, Series 2003	\$ 7,666,015	Aaa	AAA
1998 Parking Facility, Series A Certificates of Participation	14,465,000	Aaa	AAA
1993 ABAG Certificates of Participation	625,000	Aaa	AAA
1998 ABAG Certificates of Participation	1,290,000	Aaa	AAA
2001 Government Center Certificates of Participation	17,205,000	Aaa	AAA
Water and Wastewater Revenue Bonds, Series 2001	28,545,000	Aaa	AAA
Solid Waste Revenue Bonds, Series 2002	18,485,000	Aaa	AAA

All bonds listed above are insured which is reflected in the reported ratings for the bonds.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**7. LONG-TERM LIABILITIES, Continued**

*A. Bonds Payable, Continued*

**Certificates of Participation**

**\$2,310,000 1993 ABAG Certificates of Participation**

Due in annual installments of \$110,000-\$220,000 through February 1, 2008, interest at 3.50%-6.25%, repayments made from lease revenues from the Sunnyvale School District recorded in the ABAG COP Debt Service Fund.

The debt service requirements for the Certificates of Participation at June 30, 2005 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 195,000	\$ 38,665	\$ 233,665
2007	210,000	26,770	236,770
2008	220,000	13,750	233,750
<b>Total</b>	<b>\$ 625,000</b>	<b>\$ 79,185</b>	<b>\$ 704,185</b>

**\$1,935,000 1998 ABAG Certificates of Participation**

Due in annual installments of \$110,000-\$220,000 through July 15, 2013, interest at 4.40-5.20%, repayments made from lease revenues from the Sunnyvale School District recorded in the ABAG COP Debt Service Fund.

The debt service requirements for the Certificates of Participation at June 30, 2005 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 115,000	\$ 61,473	\$ 176,473
2007	120,000	56,008	176,008
2008	125,000	50,219	175,219
2009	135,000	44,010	179,010
2010	140,000	37,270	177,270
2011-2014	655,000	71,745	726,745
<b>Total</b>	<b>\$ 1,290,000</b>	<b>\$ 320,725</b>	<b>\$ 1,610,725</b>

**\$17,525,000 1998 Parking Facility, Series A, Certificates of Participation**

Due in annual installments of \$315,000-\$1,250,000 through October 1, 2022, interest at 3.65%-5.00%, repayments made from base rental payments from the General Fund.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**7. LONG-TERM LIABILITIES, Continued**

*A. Bonds Payable, Continued*

**\$17,525,000 1998 Parking Facility, Series A, Certificates of Participation, Continued**

The debt service requirements for the Certificates of Participation at June 30, 2005 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 520,000	\$ 690,558	\$ 1,210,558
2007	545,000	667,920	1,212,920
2008	570,000	643,805	1,213,805
2009	590,000	618,280	1,208,280
2010	620,000	590,893	1,210,893
2011-2015	3,555,000	2,471,554	6,026,554
2016-2020	4,570,000	1,471,000	6,041,000
2021-2023	3,495,000	269,875	3,764,875
<b>Total</b>	<b>\$ 14,465,000</b>	<b>\$ 7,423,885</b>	<b>\$ 21,888,885</b>

**\$18,710,000 2001 Government Center Certificates of Participation**

Due in annual installments of \$360,000-\$995,000 through April 1, 2031, variable interest rate determined weekly by the remarketing agent. Repayments are made from lease payments from the General Fund and the Enterprise Funds based on a predetermined prorata share of each activity's use of the civic center premises.

Annual debt service requirements for the Government Center Certificates of Participation are based on a variable interest rate that is determined by the remarketing agent as the rate that would be necessary to enable the remarketing of the COPs at 100% of the principal amount. At June 30, 2005, the interest rate was 2.22%, which was the rate used to project the interest portion of the debt service payments for future years. This rate will change with market fluctuations.

The debt service requirements for the Certificates of Participation at June 30, 2005 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 410,000	\$ 381,951	\$ 791,951
2007	425,000	372,849	797,849
2008	440,000	363,414	803,414
2009	455,000	353,646	808,646
2010	475,000	343,545	818,545
2011-2015	2,630,000	1,552,446	4,182,446
2016-2020	3,140,000	1,238,649	4,378,649
2021-2025	3,755,000	863,580	4,618,580
2026-2031	5,475,000	437,784	5,912,784
<b>Total</b>	<b>\$ 17,205,000</b>	<b>\$ 5,907,864</b>	<b>\$ 23,112,864</b>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**7. LONG-TERM LIABILITIES, Continued**

*A. Bonds Payable, Continued*

**Tax Allocation Bonds**

**\$7,960,000 Central Core Redevelopment Project Tax Allocation Refunding Bonds, Series 2003**

Due in annual installments of \$230,000-\$585,000 through August 1, 2022, interest at 2.00-4.50%, repayments made from incremental property taxes recorded in the Redevelopment Agency Special Revenue Fund. The bonds are presented net of unamortized discount of \$62,591. The bonds also had deferred charges of \$606,763, which were recorded as an asset and amortized over the life of the bond on a straight-line basis. The balance of the deferred charges at June 30, 2005 was \$554,268.

The debt service requirements for the bonds at June 30, 2005 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 285,000	\$ 275,496	\$ 560,496
2007	340,000	269,246	609,246
2008	350,000	262,346	612,346
2009	355,000	254,941	609,941
2010	360,000	246,536	606,536
2011-2015	1,980,000	1,052,293	3,032,293
2016-2020	2,380,000	633,893	3,013,893
2021-2023	1,680,000	115,383	1,795,383
	<u>7,730,000</u>	<u>3,110,134</u>	<u>10,840,134</u>
Less Unamortized Discount	<u>(62,591)</u>	<u>-</u>	<u>(62,591)</u>
<b>Total</b>	<b><u>\$ 7,667,409</u></b>	<b><u>\$ 3,110,134</u></b>	<b><u>\$ 10,777,543</u></b>

**Revenue Bonds**

**\$32,115,000 Water and Wastewater Revenue Bonds, Series 2001**

Due in annual installments of \$1,150,000 - \$3,395,000 through October 1, 2026, interest at 2.5% - 5.17%, repayments made from net revenues of the Water Supply and Distribution and Wastewater Management Enterprise Funds. The bonds are presented net of unamortized discount of \$198,718.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**7. LONG-TERM LIABILITIES, Continued**

*A. Bonds Payable, Continued*

**\$32,115,000 Water and Wastewater Revenue Bonds, Series 2001, Continued**

The debt service requirements for the bonds at June 30, 2005 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 1,270,000	\$ 1,340,195	\$ 2,610,195
2007	1,320,000	1,294,170	2,614,170
2008	1,370,000	1,242,720	2,612,720
2009	1,435,000	1,179,608	2,614,608
2010	1,495,000	1,118,915	2,613,915
2011-2015	8,555,000	4,496,940	13,051,940
2016-2020	7,570,000	2,143,713	9,713,713
2021-2025	3,745,000	933,125	4,678,125
2026-2027	1,785,000	90,375	1,875,375
	<u>28,545,000</u>	<u>13,839,761</u>	<u>42,384,761</u>
Less Unamortized Discount	(198,718)	-	(198,718)
<b>Total</b>	<b>\$ 28,346,282</b>	<b>\$ 13,839,761</b>	<b>\$ 42,186,043</b>

**\$20,575,000 Solid Waste Revenue Bonds, Series 2003**

Due in annual installments of \$1,025,000 - \$1,890,000 through October 1, 2017, interest at 2.0% - 5.5%, repayments made from net revenues of the Solid Waste Enterprise Fund and monies received by the City from the cities of Mountain View and Palo Alto under the Memorandum of Understanding in connection with the City's Solid Waste Material Recovery and Transfer Station. The bonds are presented net of unamortized discount of \$114,296. The bonds also had deferred charges of \$854,769, which were recorded as an asset and amortized over the life of the bond on a straight line basis. The balance of the deferred charges at June 30, 2005 was \$723,705.

The debt service requirements for the bonds at June 30, 2005 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 1,105,000	\$ 841,214	\$ 1,946,214
2007	1,135,000	809,679	1,944,679
2008	1,165,000	780,184	1,945,184
2009	1,205,000	737,600	1,942,600
2010	1,255,000	690,063	1,945,063
2011-2015	7,245,000	2,478,963	9,723,963
2016-2018	5,375,000	454,163	5,829,163
	<u>18,485,000</u>	<u>6,791,866</u>	<u>25,276,866</u>
Less Unamortized Discount	(114,296)	-	(114,296)
<b>Total</b>	<b>\$ 18,370,704</b>	<b>\$ 6,791,866</b>	<b>\$ 25,162,570</b>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**7. LONG-TERM LIABILITIES, Continued**

**A. Bonds Payable, Continued**

The annual requirements to amortize long-term bonded debt outstanding as of June 30, 2005 by activity were as follows:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2006	\$ 1,525,000	\$ 1,448,142	\$ 2,375,000	\$ 2,181,409
2007	1,640,000	1,392,793	2,455,000	2,103,849
2008	1,705,000	1,333,534	2,535,000	2,022,904
2009	1,535,000	1,270,877	2,640,000	1,917,208
2010	1,595,000	1,218,244	2,750,000	1,808,978
2011-2015	8,820,000	5,148,037	15,800,000	6,975,903
2016-2020	10,090,000	3,343,542	12,945,000	2,597,876
2021-2025	8,930,000	1,248,838	3,745,000	933,125
2026-2031	5,475,000	437,784	1,785,000	90,375
	<u>41,315,000</u>	<u>16,841,791</u>	<u>47,030,000</u>	<u>20,631,627</u>
Less Unamortized Discount	(62,591)	-	(313,014)	-
<b>Total</b>	<u>\$ 41,252,409</u>	<u>\$ 16,841,791</u>	<u>\$ 46,716,986</u>	<u>\$ 20,631,627</u>

**Rebatable Arbitrage**

Total long-term debt also included rebatable arbitrage of \$73,297. This amount consisted of \$49,631 for the 2001 Government Center Certificates of Participation, of which \$44,668 is due by June 30, 2006, and \$23,666 for the 1998 Parking Facility, Series A, Certificates of Participation.

**Bonds Paid Off in Fiscal Year 2004-05**

**\$2,710,000 1989 Mary Avenue Phase V Improvement Special Assessment Bonds**

The Bonds were paid off on September 2, 2005. Repayment was made from special assessment levy accumulated in the Special Assessment Bonds Debt Service Fund.

**Prior Year Defeasance of Bonds**

In prior years, the City defeased certain bonds by placing the proceeds of new bonds in irrevocable trusts in amounts sufficient to meet all future debt service requirements of the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. As of June 30, 2005, the following outstanding bonds are considered defeased:

1977 Central Core Redevelopment Tax Allocation Bonds (refunded in 1992)	\$	3,080,000
1977 Parking Lease Revenue Bonds, Series A and B (refunded in 1992)		4,735,000

The City has complied with all significant bond covenants relating to reserve and sinking fund requirements, proof of insurance and budgeted revenues and maintenance costs.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**7. LONG-TERM LIABILITIES, Continued**

***B. Self-Insurance And Contingent Liabilities***

There are several pending lawsuits in which the City is involved. The City, however, estimates that the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the basic financial statements of the City.

The City is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City has established various self-insurance programs and maintained contracts with various insurance companies to manage excessive risks.

The City has \$25,000,000 in general liability coverage, subject to \$500,000 self-insured retention (SIR), through California Joint Powers Risk Management Authority (CJPRMA), a risk-sharing pool. The City has statutory limits coverage for workers' compensation claims and \$1,000,000 in coverage for employer's liability claims, subject to a \$500,000 SIR, through Discover Property & Casualty Insurance Company. Unemployment claims paid by the City are reimbursed dollar-for-dollar by the State.

The California Joint Powers Risk Management Authority is a joint powers authority created by certain California cities and other joint powers authorities to provide a pooled approach for liability coverage. The CJPRMA is governed by a board of directors comprised of officials appointed by each member agency. The activities of the CJPRMA include setting and collecting premiums, administering and paying claims and related expenses and investing assets. Each member is assessed a contribution based on actuarially determined rates, which is intended to cover the CJPRMA's claims, operating costs and claim settlement expenses. Additional cash contributions may be assessed on the basis of adverse loss experiences. The CJPRMA maintains members' equity accounts for each pool member. Losses and expenses are paid from these pools up to the limit of coverage subject to the self-insured retention. Financial statements for CJPRMA for the fiscal year ended June 30, 2005 may be obtained from CJPRMA at 6140 Stoneridge Mall Road, Pleasanton, CA 94588-3235.

The City's risk management activities are accounted for in the internal service funds. Charges to the general fund and other insured funds are determined from an analysis of claims costs. Estimated liabilities are recorded in the internal service funds when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Claims that have been incurred but not reported (IBNRs) are also included in the liability estimates.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**7. LONG-TERM LIABILITIES, Continued**

**B. Self-Insurance And Contingent Liabilities, Continued**

A summary of the changes in general and workers' compensation liabilities for the past three fiscal years follows:

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<b>General:</b>			
Liability at beginning of fiscal year	\$ 959,000	\$ 1,040,000	\$ 1,066,000
Claims paid	(92,000)	(347,000)	(344,000)
Current fiscal year claims and changes in estimated liability	433,000	266,000	318,000
Liability at end of fiscal year	<u>\$ 1,300,000</u>	<u>\$ 959,000</u>	<u>\$ 1,040,000</u>
<b>Workers' Compensation:</b>			
Liability at beginning of fiscal year	\$ 11,368,000	\$ 12,790,000	\$ 13,267,000
Claims paid	(2,248,000)	(2,312,000)	(2,063,000)
Current fiscal year claims and changes in estimated liability	1,779,000	890,000	1,586,000
Liability at end of fiscal year	<u>\$ 10,899,000</u>	<u>\$ 11,368,000</u>	<u>\$ 12,790,000</u>
<b>Total estimated claims payable</b>	<u>\$ 12,199,000</u>	<u>\$ 12,327,000</u>	<u>\$ 13,830,000</u>

Since the loss and the loss adjustment expense payments associated with the claims liabilities will be spread over several years, the liabilities are discounted to reflect anticipated investment on assets set aside to pay these costs. The claims liabilities are reported at present value, which have been computed using a discount rate of 4%, on the carrying amount of estimated general liability of \$1,060,000 and on the carrying amount of estimated workers' compensation liability of \$12,375,000.

There have been no significant reductions in any insurance coverage, nor have there been any insurance related settlements that exceeded insurance coverage during the past three fiscal years.

**C. Compensated Absences**

The City's compensated absences consist of accrued vacation pay, floating holiday pay for all regular employees and paid time off and floating holiday pay for management employees. Some employees also accrue compensatory time. The total amount of the accrued liability is recorded in the Employee Benefits Internal Service Fund and is combined with governmental activities in the Government-Wide Financial Statements. Charges for compensated absences are accounted for in the Employee Benefits Internal Service Fund. All other funds are charged based on salary and related expenditures.

The total amount of the liability at June 30, 2005 was \$7,601,883.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**7. LONG-TERM LIABILITIES, Continued**

***D. Landfill Postclosure Care Costs***

On September 30, 1993, the City used up all of its landfill's remaining capacity. In accordance with state and federal laws and regulations, the City placed a final cover on its landfill and is required to perform certain maintenance and monitoring functions at the landfill site for thirty years after closure. At June 30, 2005 a liability in the amount of \$3,970,274 has been recognized based on the estimated remaining postclosure care costs that will be incurred over the next 19 years to meet the regulatory requirements. Postclosure care costs exceeding those required to meet regulatory requirements are incurred each year to meet local community standards. The estimated liability is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2005. However, the actual cost of postclosure care may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations. These landfill closure and postclosure care costs will be financed by a combination of the Solid Waste Management Fund's existing cash and investments and future refuse collection charges.

***E. Non City Obligations***

**Community Facilities District**

On May 16, 2001, the City issued \$36,000,000 of Special Tax Bonds pursuant to the Mello-Roos Community Facilities Act of 1982 as amended (Act) on behalf of Community Facilities District No. 1 (CFD No. 1). The CFD No. 1 bonds bear interest at 7.65% to 7.75% and mature August 1, 2032. Neither the City's General Fund nor the full faith and credit of the City is pledged for the payment of principal or interest on the CFD No. 1 bonds. The CFD No. 1 bonds will be repaid solely from the proceeds of a special tax levied upon all taxable real property in CFD No. 1. The bonds are secured by special taxes on the Sunnyvale Town Center Mall property. The proceeds of the bonds were to be used to finance certain public improvements, primarily two new parking garages.

The bond documents for the CFD No. 1 bonds stipulate that in the event the Initial Release Test is not satisfied, the bonds will be redeemed in part. In order to satisfy the Initial Release Test, the Director of Finance of the City of Sunnyvale must determine, at the time of the initial disbursement from the Escrow Fund, that several conditions have been met. Prior to the initial disbursement from the Escrow Fund, the Director of Finance determined that the Initial Release Test had not been satisfied. Therefore, bonds in the amount of \$16,010,000 were redeemed in September 2002. The principal balance of currently outstanding bonds was \$19,625,000 at June 30, 2005. These funds were used to finance one of the two proposed new parking garages. This garage, which contains 958 parking spaces, opened on October 2001.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**7. LONG-TERM LIABILITIES, Continued**

*E. Non City Obligations, Continued*

**Community Facilities District, Continued**

The owner of the Sunnyvale Town Center Mall property initiated Chapter 11 bankruptcy proceedings on September 24, 2002 in the United States Bankruptcy Court of the Central District of California. The mall closed in the summer of 2003. The two anchor stores (Macy's and Target) are independently owned and operated and remain open for business. As part of the bankruptcy proceedings, the principal creditor of the mall property identified a potential developer and together they proposed a plan to purchase the property out of bankruptcy. As part of the plan, they obtained a special development permit from the City for a new mixed-use retail, office, and residential development. A Disposition and Development and Owner Participation Agreement (DDOPA) has also been negotiated with the City's Redevelopment Agency for the project. A confirmation hearing, which was required by the Bankruptcy Court on the bankruptcy plan, was held on November 12, 2004, and the plan was confirmed on April 25, 2005. Ownership of the Town Center Mall property was transferred to Stanley Thomas, principal equity investor in the Forum Development Group of Smyrna, Georgia. This action completed the bankruptcy process and placed all of the property under the control of the same developer with whom the City negotiated the DDOPA. It is expected that work will commence on redevelopment of the Town Center Mall in fiscal year 2005-06.

There have been no defaults on any debt service payments to the bondholders.

**2002 Housing Revenue Bonds, Series A**

On December 26, 2002, the City issued \$2,600,000 of 2002 Housing Revenue Bonds, Series A on behalf of the Emergency Housing Consortium (EHC), a nonprofit corporation. The bonds bear interest at 7.5% to 9.0% and mature December 1, 2032. The bonds were used to partially finance the acquisition of a 24-unit apartment complex located at 183 Acalanes Drive to increase the number of affordable rental housing units in the City. The bonds are secured by a deed of trust on the property. Neither the City's General Fund nor the full faith and credit of the City is pledged for the payment of principal or interest on the Housing Revenue Bonds. Since the bonds do not constitute a debt of the City, they are not reported in the accompanying financial statements.

**8. COMMITMENTS**

At June 30, 2005, the City had outstanding construction commitments for the following projects:

<u>Project</u>	<u>Contract</u>	<u>Outstanding</u>
Calabazas Creek Trail Project	\$ 976,423	\$ 976,423
Borregas Avenue Sanitary Sewer Replacement	4,410,250	947,507
Chemical System Improvement	874,000	874,000
Oxidation Pond Levee Improvements	778,156	279,905
Street Pavement Preventative Maintenance	231,241	231,241
<b>Total Commitments</b>	<b>\$ 7,270,070</b>	<b>\$ 3,309,076</b>

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2005***

**9. RETIREMENT PLAN**

**Plan Description**

All permanent employees participate in the California Public Employees' Retirement System (PERS) per the City's charter. PERS is an agent multiple-employer defined benefit pension plan that acts as a common investment and administrative agent for participating public entities within the State of California. PERS provides retirement and disability benefits, annual cost-of living adjustments, and death benefits to plan members and beneficiaries. Employees vest after five years of service and are eligible to receive benefits at age 50 for safety and miscellaneous (non-safety) employees. State statutes and City ordinance establish benefit provisions, which are reflected in a contract between the City and PERS. Copies of PERS' annual financial report may be obtained from their Executive Office, 400 P Street, Sacramento, CA 95814.

**Funding Policy**

Miscellaneous participants are required to contribute 7% of annual covered salary and safety participants are required to contribute 11.25% of their annual covered salary. The City makes the contributions required of City employees on their behalf and for their account, which amounted to \$6,667,532 for the fiscal year ended June 30, 2005. The City is required to make actuarially determined employer contributions necessary to fund the benefits for its members. For the fiscal year ending June 30, 2005, the City contribution was 6.618% for miscellaneous employees and 29.586% for safety employees. The contribution requirements of the plan members are established by State statute and the employer contribution rate is established annually and may be amended by PERS.

**Annual Pension Cost**

For the fiscal year ending June 30, 2005 the City's annual pension cost of \$11,451,846 for PERS was equal to the City's required and actual contributions. The required contribution was determined as part of the June 30, 2002, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) 8.25% investment rate of return (net of administrative expenses), (b) projected salary increases ranging from 3.75% to 14.20% for miscellaneous employees and from 4.27% to 11.59% for safety employees depending on age, service, and type of employment, and (c) 2% per year cost-of-living adjustments. Both (a) and (b) included an inflation component of 3.5%. The actuarial value of PERS assets was determined using techniques that smooth the effects of short-term volatility in the market value of investments over a three-year period. PERS unfunded actuarial accrued liability (or surplus) is being amortized as a level percentage of projected payroll on a closed basis. The average remaining amortization period at June 30, 2002, was 14 years for miscellaneous and 19 years for safety employees for prior and current service unfunded liability.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**9. RETIREMENT PLAN, Continued**

**Trend Information**

<b>Fiscal Year</b>	<b>Annual Pension Cost (APC)</b>		<b>Total</b>	<b>Percentage of</b>	<b>Net Pension</b>
	<b>Miscellaneous</b>	<b>Safety</b>			
<b>Ending</b>	<b>Plan</b>	<b>Plan</b>			
06/30/05	\$ 3,486,109	\$ 7,965,737	\$ 11,451,846	100%	\$ -
06/30/04	\$ 307,799	\$ 4,239,288	\$ 4,547,087	100%	-
06/30/03	-	1,713,578	1,713,578	100%	-

**10. OTHER POSTEMPLOYMENT BENEFITS**

By City Council resolution, the City provides medical health care benefits for retirees who elect the option under the Public Employees Medical and Hospital Care Act. The medical coverage and City contribution remain the same as at the time of retirement. Employees who have worked with an agency participating in PERS a minimum of five years are eligible. Plan participants as of June 30, 2005 totaled 526.

The cost of retiree health care is recognized as an expenditure as premiums are paid. City costs in fiscal year 2004-05 amounted to \$2,754,418. Benefits are accounted for in the internal service funds. The City considers a portion of net assets in the Employee Benefits Internal Service fund set aside to estimate future medical obligations, which amounted to \$10,669,102 at June 30, 2005.

**11. INTERFUND TRANSFERS**

**Fund Financial Statements**

Transfers are nonreciprocal interfund transactions wherein the two funds involved do not receive equivalent cash, goods, or services. The City’s transfer activity is indicative of funding for (1) capital projects, (2) debt service payments, (3) subsidies of various operating activities, (4) Government Center project, and (5) employee retirement benefits. The City’s transfer activity as of June 30, 2005 are as follows.

<b>Fund Receiving Transfers</b>	<b>Fund Making Transfers</b>	<b>Amount</b>	<b>Funding</b>
		<b>Transferred</b>	<b>Purpose</b>
<b>General Fund</b>	Employment Development	70,000	(3)
	City Projects	10,941	(1)
	Nonmajor Governmental	438,371	(1)
	Internal Service - General Services	341,271	(4)
	Water Supply and Distribution	2,003,622	(4)
	Wastewater Management	2,304,455	(4)
	Solid Waste Management	2,385,490	(4)
	Community Recreation	938,670	(3)
	<b>Subtotal - General Fund</b>	<b>8,492,820</b>	

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**11. INTERFUND TRANSFERS, Continued**

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>	<u>Funding Purpose</u>
<b>Redevelopment Debt Service</b>	Nonmajor Governmental	3,129,471	(2)
	<b>Subtotal - Redevelopment Service</b>	<u>3,129,471</u>	
<b>City Projects</b>	General Fund	7,004	(1)
	Nonmajor Governmental	816,887	(1)
	<b>Subtotal - City Projects</b>	<u>823,891</u>	
<b>Nonmajor Governmental</b>	General Fund	2,699,755	(3)
	City Projects	224,610	(1)
	Nonmajor Governmental	998,910	(1)
	Internal Service - General Services	560,368	(4)
	Water Supply and Distribution	53,671	(4)
	Wastewater Management	37,421	(4)
	Solid Waste Management	52,675	(4)
	Community Recreation	233,398	(3)
	<b>Subtotal - Nonmajor Governmental</b>	<u>4,860,808</u>	
<b>Internal Service - General Services</b>	General Fund	469,735	(1)
	City Projects	2,412	(1)
	Nonmajor Governmental	470,208	(1)
	Water Supply and Distribution	179,096	(1)
	Wastewater Management	851,908	(1)
	Solid Waste Management	50,695	(1)
<b>Subtotal - Internal Service - General Services</b>	<u>2,024,054</u>		
<b>Internal Service - Employee Benefit</b>	General Fund	667,059	(5)
	Employment Development	170,901	(5)
	Nonmajor Governmental	21,333	(5)
	Internal Service - General Services	123,322	(5)
	Internal Service - Risk Management	3,732	(5)
	Water Supply and Distribution	46,651	(5)
	Wastewater Management	127,205	(5)
	Solid Waste Management	16,668	(5)
	SMaRT Station	3,749	(5)
	Community Recreation	98,042	(5)
<b>Subtotal - Internal Service - Employee Benefits</b>	<u>1,278,662</u>		
<b>Water Supply and Distribution</b>	City Projects	976,142	(1)
	Nonmajor Governmental	1,892,475	(1)
	<b>Subtotal - Water Supply and Distribution</b>	<u>2,868,617</u>	
<b>Wastewater Management</b>	City Projects	2,911,893	(1)
	Nonmajor Governmental	3,257,805	(1)
	General Services	3,359,828	(1)
	<b>Subtotal - Wastewater Management</b>	<u>9,529,526</u>	
<b>Solid Waste Management</b>	Nonmajor Governmental	265,729	(1)
	<b>Subtotal - Solid Waste Management</b>	<u>265,729</u>	
<b>SMaRT Station</b>	Solid Waste Management	1,027,350	(2)
	<b>Subtotal - SMaRT Station</b>	<u>1,027,350</u>	
<b>Community Recreation</b>	General Fund	3,207,294	(3)
	Nonmajor Governmental	33,711	(3)
	<b>Subtotal - Community Recreation</b>	<u>3,241,005</u>	
<b>Total Interfund Transfers</b>		<u>\$ 37,541,933</u>	

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**11. INTERFUND TRANSFERS, Continued**

**Government-Wide Financial Statements**

Per GASB Statement No. 34, all interfund transfers within governmental activities and business-type activities are eliminated. Transfers between governmental and business-type activities are shown on the Statement of Activities and Changes in Net Assets and eliminated on the total column.

During the fiscal year, capital assets with net book value of \$4,550,136 were transferred from governmental to business-type activities (Water Supply and Distribution and Wastewater Management Enterprise Funds). This amount was included in the \$11,071,597 transfers between the two activities. In the Fund Financial Statements, the Water Supply and Distribution and Wastewater Management Enterprise Fund reported the transfers as capital contribution, similar to contribution from developers.

**12. CLASSIFICATION OF NET ASSETS**

**Government-Wide Financial Statements**

In the Government-Wide Financial Statements, net assets are classified in the following categories:

Invested In Capital Assets, Net of Related Debt – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

Restricted – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. Additionally, City Council places restrictions on Capital Projects, Debt Service, and Specific Projects and Programs. Specific Restricted Projects and Programs include permanent fund net assets, which are all nonexpendable principal.

Unrestricted – This category represents the net assets of the City, which are not restricted for any project or other purpose.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**12. CLASSIFICATION OF NET ASSETS, Continued**

**Fund Financial Statements**

In the Fund Financial Statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various reserves and designations are established by actions of the City Council and Management and can be increased, reduced or eliminated by similar actions.

In Governmental Funds, fund reservations are presented as a component of fund balance as follows:

	<u>General Fund</u>	<u>Employment Development</u>	<u>Redevelopment Debt Service</u>	<u>Nonmajor Governmental Funds</u>
Housing Mitigation	\$ -	\$ -	\$ -	\$ 7,001,241
Housing Revolving Fund	-	-	-	1,892,740
Public Safety	-	-	-	1,817,765
Low and Moderate Income Housing	-	-	-	6,238,207
Restricted Donations	-	228,056	-	1,319,666
Advances to Other Funds Net of Deferred Revenue	32,359,249	-	-	-
Long-term Receivables Net of Deferred Revenue	2,458,939	-	-	-
Inventories and Prepayments	324,701	8,717	-	295
Assets Held for Resale	1,381,077	-	-	-
Land Acquisition	550,000	-	-	-
Debt Service	-	-	1,928,864	1,662,162
<b>Total</b>	<u>\$ 37,073,966</u>	<u>\$ 236,773</u>	<u>\$ 1,928,864</u>	<u>\$ 19,932,076</u>

Fund reservations are described as follows:

Reserved for Housing Mitigation represents the unspent portion of housing mitigation fees paid by developers. The Sunnyvale Municipal Code requires certain developers to pay housing mitigation fees when residential units are constructed. These fees paid must be used in the construction or purchase of low and moderate-income housing.

Reserved for Housing Revolving Fund represents CDBG program revenues set aside for housing rehabilitation programs and acquisition of affordable housing units within the City. These activities, in turn, generate payments to the fund for use in carrying out the same types of housing activities.

Reserved for Public Safety is used to account for drug forfeiture monies in the Asset Forfeiture Special Revenue Fund that, by Federal or State law, must be expended on drug enforcement activities. Also included in the reserve is the fund balance of the Police Service Augmentation Fund, which accounts for law enforcement grants from State and Federal governments.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**12. CLASSIFICATION OF NET ASSETS, Continued**

Reserved for Low and Moderate Income Housing represents the portion of the Redevelopment Agency’s property tax increment revenues which are required by State law to be spent on housing for low and moderate income households.

Reserved for Restricted Donations represents contributions from other agencies and citizens that are legally restricted by the donors.

Reserved for Advances to Other Funds and Long-term Receivables, Net of Deferred Revenue reflect the balances due, net of deferred interest revenues, from other funds and other parties that are long-term in nature and do not represent available expendable resources of the City.

Reserved for Inventories and Prepayments reflect the carrying value of these assets. Since these assets are goods that have already been purchased, they do not represent available spendable resources of the City.

Reserved for Assets Held for Resale reflects the carrying value of properties acquired throughout the years held for economic development or other restricted purposes and represents resources unavailable for appropriations.

Reserved for Land Acquisition represents the proceeds received from downtown land exchange that will be used for purchase of downtown strategic parcels for economic development.

Reserved for Debt Service represents the portion of retained earnings that is legally restricted as per the bond covenants.

In Governmental Funds, unreserved fund balances are designated or undesignated because of deficit fund balance as follows:

	<u>General Fund</u>	<u>Redevelopment Debt Service</u>	<u>City Projects</u>	<u>Nonmajor Governmental</u>	
				<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>
Unrealized Gains	\$ 444,232	\$ -	\$ 340,198	\$ 15,940	\$ -
Contingencies	19,604,556	-	-	-	-
Service Level Stabilization	4,921,529	-	-	-	-
Current Capital Projects	1,420,521	-	9,679,601	4,762,728	7,013,611
Nonrecurring Events	163,506	-	-	-	-
20-Year Resource Allocation Plan	46,287,833	-	-	7,527,811	10,893,385
<b>Total Unreserved, Designated</b>	<u>72,842,177</u>	<u>-</u>	<u>10,019,799</u>	<u>12,306,479</u>	<u>17,906,996</u>
Unreserved and Undesignated	-	(51,180,154)	-	(6,418,663)	-
<b>Total Unreserved</b>	<u><u>\$ 72,842,177</u></u>	<u><u>\$ (51,180,154)</u></u>	<u><u>\$ 10,019,799</u></u>	<u><u>\$ 5,887,816</u></u>	<u><u>\$ 17,906,996</u></u>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

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**12. CLASSIFICATION OF NET ASSETS, Continued**

Designated for Unrealized Gains represents management's intent not to liquidate investments to realize the reported gains in the following year.

Designated for Contingencies is established by City Council in the General Plan Fiscal Sub-element to provide funding for any significant unplanned event that may arise such as a natural disaster, a one-time loss of revenues, or to provide a buffer period in the event of a major ongoing revenue loss.

Designated for Service Level Stabilization are funds set aside by City Council to cover service changes that may result from any of the following: increase in cost of existing services due to inflationary pressures above the forecast level, cost of implementing federal or state mandates, expansion due to higher demand for operating services from the community.

Designated for Current Capital Projects reflects the amount needed to reappropriate for uncompleted capital projects, special projects, and miscellaneous equipment needs in the following fiscal year.

Designated for Nonrecurring Events represents one-time money from prior year's operating results, which has been set aside for unfunded capital projects.

Designated for 20-Year Resource Allocation Plan are the amounts that assure, based on current estimates, the feasibility of the City's 20-year plan. This reserve prevents the City from adding services at the top of the economic cycle that cannot be sustained, and it allows the City to maintain the Council-approved service levels during economic downturns. All funds not otherwise reserved or designated are designated for this purpose.

Unreserved and undesignated amounts reflect the deficit fund balances in the Redevelopment Agency Debt Service Fund caused by long-term advances from the General Fund, and the Redevelopment Agency Special Revenue Fund due to the State mandated 20% of tax increment revenues set aside for low and moderate income housing.

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2005**

**12. CLASSIFICATION OF NET ASSETS, Continued**

In Proprietary Funds Net Assets is separated into the three categories as explained above in the Government-Wide classification of Net Assets. The unrestricted portion of Net Assets is further earmarked by City Council and Management as follows:

	<u>Water Supply and Distribution</u>	<u>Wastewater Management</u>	<u>Solid Waste Management</u>	<u>SMaRT Station</u>	<u>Community Recreation</u>	<u>Internal Service Funds</u>
Contingencies	\$ 4,263,557	\$ 3,141,713	\$ 2,415,027	\$ -	\$ -	\$ -
Government Center Project	46,255	31,753	51,178	-	-	785,320
Equipment Replacement	-	-	-	-	-	4,467,004
Capital Projects	2,501,543	4,754,951	491,918	422,032	-	300,664
Rate Stabilization	2,953,428	12,771,600	-	-	-	-
Equipment Replacement Sinking Fund	-	-	-	-	-	9,796,433
Capital Replacement Sinking Fund	-	-	-	3,959,709	-	-
20-Year Resource Allocation Plan	-	-	4,002,207	158,985	1,279,650	17,645,760
Funded by Rates	<u>(2,521,767)</u>	<u>(26,102,943)</u>	<u>(26,512,216)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 7,243,016</u>	<u>\$ (5,402,926)</u>	<u>\$ (19,551,886)</u>	<u>\$ 4,540,726</u>	<u>\$ 1,279,650</u>	<u>\$ 32,995,181</u>

Contingencies are established by City Council to provide funding for any significant unplanned event that may arise such as a natural disaster, a one-time loss of revenues, or to provide a buffer period in the event of a major ongoing revenue loss.

Government Center Project represents the portion of unrestricted net assets that is in next year’s budget to pay for the respective fund’s share of debt service for the acquisition of the Government Center.

Equipment Replacement represents the amounts needed to reappropriate in the following fiscal year to replace equipment in the Internal Service Funds.

Capital Projects reflects the amounts needed to reappropriate uncompleted capital projects, and special projects in the following fiscal year.

Rate Stabilization represents the restrictions on the use of some of the enterprise funds’ net resources in order to minimize the fluctuation of rates charged to the City’s utility customers.

Equipment Replacement Sinking Fund represents amounts in the General Services Internal Service Fund that are being accumulated for the replacement of old equipment.

Capital Replacement Sinking Fund represents amounts in the SMaRT Station Fund set aside for future capital asset needs.

Funded by Rates represents the deficits expected to be funded by rate increases in order to meet debt service obligations, acquire capital projects, and stabilize the rate structure.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**13. DEFICIT NET ASSETS AND FUND EQUITY**

**Government-Wide Financial Statements**

The business-type activities in the Government-Wide Financial Statements had deficit unrestricted net assets of \$11,891,420. This net total deficit is comprised of positive net assets in all business type activities except for deficits in the following activity:

Wastewater Management	\$ (5,402,926)
Solid Waste Management	(19,551,886)

These deficit unrestricted net assets are due to liabilities incurred by these activities from advances made by the General Fund. These advances were used to either acquire or improve capital assets and to keep rates stable for citizens affected by these activities. The deficit net assets will be eliminated as repayments are scheduled to be made to the General Fund from rates charged to customers.

**Fund Financial Statements**

The following funds had deficit fund balance or net assets as of June 30, 2005:

<b>Major Funds:</b>	
Redevelopment Agency Debt Service Fund	\$ (49,251,290)
Solid Waste Management Enterprise Fund	(18,791,111)
<b>Non-Major Funds:</b>	
Redevelopment Agency Special Revenue Fund	(6,418,663)
<b>Internal Service Funds:</b>	
Risk Management Fund	(362,054)

The recording of long-term advances from the General Fund to the Redevelopment Agency has caused the deficit fund equity in the Redevelopment Agency Debt Service Fund. As of June 30, 2005, total advances amounted to \$51,193,805 that includes accrued unpaid interest. The deficit is expected to be funded by transfers from the Redevelopment Agency Special Revenue Fund as tax increment revenues are collected in that fund.

The deficit fund balance equity in the Redevelopment Agency Special Revenue Fund has been caused by the State mandated 20% of tax increment revenues set aside for low and moderate income housing. The deficit is expected to be funded by collection of property taxes after preexisting debt obligations are paid.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2005*

**13. DEFICIT NET ASSETS AND FUND EQUITY, Continued**

The deficit in the Solid Waste Management Fund is due to several transactions. The General Fund has made advances to the Solid Waste Management Fund for construction of new facilities and for cash flow purposes. The deficit is also partially explained by the Governmental Accounting Standards Board Statement No. 18 (Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs), which requires the City to recognize, at the time a landfill is closed, all estimated total future costs related to closure and postclosure care. This fund also transferred net assets of \$2.5 million to the SMaRT Station Fund that was created in fiscal year 1996-97. Annually, through transfers, this fund pays the SMaRT Station Fund 55% of the Solid Waste Revenue Bonds, Series 2003 debt service and also pays the General Fund for its general government support services. The deficit is expected to be funded by charges for services.

The deficit net assets in the Risk Management Internal Service Fund has been caused by the increase in estimated liability as a result of the actuarial review of the self-insured liability program. The deficit is expected to be funded by internal service charges to user programs in other City funds.

**14. PRIOR PERIOD ADJUSTMENTS**

**Government-Wide Financial Statements**

*Governmental Activities:*

The City has recorded the following prior period adjustments to correct prior year accounting. Accordingly, the City's net assets for governmental activities as of July 1, 2004 has been restated as follows:

	<u>Net Assets as Previously Reported</u>	<u>Prior Period Adjustments</u>	<u>Net Assets as Restated</u>
Governmental Activities	\$ 585,399,120	\$ 18,295,879	\$ 603,694,999

The increase of \$18,295,879 in the beginning net assets of the governmental activities represents the housing loans receivable balance as of June 30, 2004. This was eliminated during the conversion from the Fund Financial Statements to the Government-Wide Financial Statements.

Housing loans issued are reported as expenditures and housing loans repaid are reported as revenues in the Fund Financial Statements. Housing loans receivable is reported in the balance sheet and is offset by deferred revenue. At the end of the fiscal year, interest is accrued on the loan balances and added to the receivable and deferred revenue. Note 3 (E) provides an explanation of housing loans.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2005***

**14. PRIOR PERIOD ADJUSTMENTS, Continued**

Since the implementation of GASB Statement No. 34, the receivable and deferred revenue were eliminated in prior years during conversion from Fund Financial Statements to Government-Wide Financial Statements. This was due to the long-term nature and uncertainty of cash flows from the receivables. However, since the loans are secured by deeds of trust or certificates of title, the loans receivable provides the City a measurable economic resource to be used for increasing the supply of affordable housing, thus needs to be accounted for in the Government-Wide Financial Statements.

**15. SUBSEQUENT EVENTS**

The Downtown Redevelopment Project is in the midst of its highest level of development activity since it was created in 1975. The Redevelopment Agency (Agency), on August 17, 2004, approved the downtown redevelopment project to tear down the old Town Center Mall and replace it with a traditional downtown. When completed, the redevelopment will result in 1 million square feet of retail space, a multi-screen cinema, 275,000 square feet of office space and 292 for-sale residential units.

Forum Development Group (under the legal name of Fourth Quarter Properties XLVIII, LLC.), the original developer approved by the Agency on April 22, 2004, faced a number of obstacles that delayed the project until appropriate financing was obtained later in this fiscal year. On December 21, 2004, the Redevelopment Agency approved a Disposition and Development and Owner Participation Agreement (DDOPA) with the Developer. The DDOPA requires that construction begin no later than December 1, 2005, and that the retail portion of the project be open to the public by September 30, 2007. The Agency has agreed to return to the developer up to \$4,050,000 per year of tax increment plus 50% of any receipts above the amount in return for construction by the developer of public streets and parking, including 1,442 underground parking spaces.

Forum Development Group directed its demolition contractor to begin work in August, 2005. The Agency's existing parking structure was included in the first phase of demolition, to be completed by November 24, 2005.

In the Government-Wide Financial Statements, at June 30, 2005 the net book value of the Agency's parking structure has been adjusted to zero by recording depreciation expense of \$2,286,406. At June 30, 2004 cumulative capitalized costs of the existing parking structure was \$6,972,359 and accumulated depreciation was \$4,685,953.

The existing parking structure was the underlying capital asset ultimately financed by the bonded debt 1998 Parking Facility, Series A, Certificates of Participation. The original debt was issued in 1977, refinanced in 1992, and refinanced again in 1998.

The City Council approved a resolution on July 19, 2005 to release the remaining portions of the Town Center parking facility as the asset that is leased for the 1998 Parking Facility Certificates of Participation.

***Notes to the Basic Financial Statements, Concluded***  
***Fiscal Year Ended June 30, 2005***

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**15. SUBSEQUENT EVENTS, Continued**

This release was necessary because the Town Center parking facility is scheduled to be demolished as part of the redevelopment of the Town Center Mall. The value of the remaining assets (the Macy's and Penney's lots) is sufficient to allow this release.

The City's General Fund has the contractual obligation to advance the lease payments to the Agency to pay for debt service. The Agency will repay the advances plus interest to the City General Fund after meeting its bonded debt obligations. Note 5 provides additional details on the interfund receivables and payables.

*Required Supplementary Information*

**Required Supplementary Information  
Fiscal Year Ended June 30, 2005**

**BUDGETARY POLICY AND CONTROL**

**Budgetary Comparison Schedule - General Fund  
Fiscal Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive(Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 63,681,371	\$ 72,376,699	\$ 72,376,699	\$ -
<b>Resources (inflows):</b>				
Property Taxes	30,222,666	28,673,510	29,509,767	836,257
Sales and Use Taxes	24,015,633	25,258,150	26,069,906	811,756
Other Taxes	12,747,841	12,802,926	13,397,491	594,565
Franchise Fees	5,333,021	5,334,051	5,394,792	60,741
Intergovernmental Revenues	3,011,294	4,390,479	4,646,306	255,827
Permits and Licenses	3,691,454	4,509,759	4,995,591	485,832
Fines and Forfeitures	715,043	740,822	838,639	97,817
Special Assessments	-	65,373	70,506	5,133
Service Fees	2,114,683	2,205,922	2,725,136	519,214
Rents and Concessions	1,458,366	1,399,350	1,393,424	(5,926)
Investment Earnings	1,987,728	2,562,240	2,422,619	(139,621)
Repayment of Interfund Advances	3,640,057	3,493,099	5,951,014	2,457,915
Other Revenues	144,906	1,240,336	1,563,129	322,793
Transfers In	8,164,793	8,490,934	7,257,654	(1,233,280)
<b>Total Resources</b>	<b>97,247,485</b>	<b>101,166,951</b>	<b>106,235,974</b>	<b>5,069,023</b>
<b>Charges to appropriations (outflows):</b>				
Planning and Management	14,694,312	15,242,109	14,562,818	679,291
Public Safety	58,989,393	59,650,735	57,375,527	2,275,208
Community Development	15,843,584	15,814,483	15,531,042	283,441
Transportation	4,145,310	4,190,059	3,845,273	344,786
Socioeconomic	316,068	329,715	239,492	90,223
Cultural	7,190,095	7,750,124	6,910,329	839,795
Environmental Management	1,051,723	1,032,732	1,025,925	6,807
Capital Outlay	265,469	435,839	251,555	184,284
Transfers Out	6,259,337	7,417,765	7,061,347	356,418
<b>Total charges to appropriations</b>	<b>108,755,291</b>	<b>111,863,561</b>	<b>106,803,308</b>	<b>5,060,253</b>
<b>Excess of resources over (under)     charges to appropriations</b>	<b>(11,507,806)</b>	<b>(10,696,610)</b>	<b>(567,334)</b>	<b>10,129,276</b>
<b>Budgetary Fund Balance, June 30,2005</b>	<b>\$ 52,173,565</b>	<b>\$ 61,680,089</b>	<b>\$ 71,809,365</b>	<b>\$ 10,129,276</b>

**Required Supplementary Information, Continued**  
**Fiscal Year Ended June 30, 2005**

**BUDGETARY POLICY AND CONTROL, Continued**

**Budgetary Comparison Schedule - Employment Development Fund**  
**Fiscal Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 610,991	\$ 236,714	\$ 236,714	\$ -
<b>Resources (inflows):</b>				
Intergovernmental Revenues	10,084,000	10,352,700	11,960,626	1,607,926
Service Fees	-	-	20,798	20,798
Rents and Concessions	-	-	39,694	39,694
Other Revenues	-	1,080,094	23,776	(1,056,318)
Total Resources	10,084,000	11,432,794	12,044,894	612,100
<b>Charges to appropriations (outflows):</b>				
Socioeconomic	10,014,000	11,191,893	11,803,933	(612,040)
Transfers Out	70,000	240,901	240,901	-
Total charges to appropriations	10,084,000	11,432,794	12,044,834	(612,040)
Excess of resources over (under) charges to appropriations	-	-	60	60
<b>Budgetary Fund Balance, June 30, 2005</b>	\$ 610,991	\$ 236,714	\$ 236,774	\$ 60

**Note to Required Supplementary Information**

**NOTE A - Explanation of Differences between Budgetary Inflows  
and Outflows and GAAP Revenues and Expenditures**

	General Fund	Employment Development Fund
<b>Sources/Inflow of Resources:</b>		
Actual amounts (budgetary basis) of "total resources" from the budgetary comparison schedule	\$ 106,235,974	\$ 12,044,894
Differences - Budget to GAAP		
Interfund advances repayment is a budgetary resource but is not a revenue for financial reporting purposes	(5,951,014)	-
Change in fair value of investments is not budgetary resource	(753,409)	-
Resources from activities not budgeted	151,469	-
Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes	(7,257,654)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 92,425,366	\$ 12,044,894
<b>Uses/Outflows of Resources</b>		
Actual amounts (budgetary basis) of "total charges to appropriations" from the budgetary comparison schedule	\$ 106,803,308	\$ 12,044,834
Differences - Budget to GAAP		
Interfund advances is a budgetary expenditure but is not an expenditure for financial reporting purposes	(1,211,728)	-
Uses of resources by activities that are not budgeted	57,108	-
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(7,061,347)	(240,901)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 98,587,341	\$ 11,803,933

***Required Supplementary Information, Continued***  
***Fiscal Year Ended June 30, 2005***

**BUDGETARY INFORMATION**

The City's budget is adopted based on generally accepted accounting principles (GAAP) with some exceptions as presented in the preceding Note to Required Supplementary Schedule.

Sunnyvale's approach to budget preparation is a central part of the City's Planning and Management System (PAMS). Key elements of the PAMS framework include:

- Long-range strategic planning (General Plan Elements and Sub-Elements),
- Long-term financial planning (Resource Allocation Plan, which includes projections over a 20-year time frame),
- Short-term allocation of resources (two-year action budget),
- Measurement of program service delivery,
- The Council Study Issues process,
- Performance "contracts" for Management,
- Annual performance reporting and evaluation, and
- Performance audits based on risk assessments.

The City in establishing the budgetary data reflected in its financial statements follows the procedures listed below:

- At the midpoint of each year, a public hearing (not legally required) is held by the City Council to obtain budgetary comments from the public early in the budget process.
- During May of each year, the City Manager submits to the City Council a recommended budget for the fiscal year commencing July 1. The City Charter requires that the City Council receive the City Manager's budget no later than May 25.
- The City Manager's budget includes recommended expenditures for equipment, operating costs, debt service costs, and capital and special projects for the ensuing year.
- During May of each year the City Council holds a workshop on the budget. The workshop is open to the public.
- During June of each year the City Council holds a public hearing, legally required by the City Charter, where the public may submit written or oral comments regarding the entire budget or portions thereof.

***Required Supplementary Information, Continued***  
***Fiscal Year Ended June 30, 2005***

**BUDGETARY INFORMATION, Continued**

- Prior to June 30 of each year, the budget as modified by the City Council is legally enacted by adoption of a budget resolution. The legal level of budgetary control is placed by the City Council at the program level, with adjustments between programs within funds allowed below specified thresholds. A separate Budgetary Year-End Financial Report is prepared in December of each year, which presents details to demonstrate compliance at the legal level of control for the previous fiscal year. Appropriations lapse at year-end to the extent they have not been expended.
- Budgets are legally adopted for all governmental funds except for the Special Assessment Bonds Debt Service Fund, the Swirsky Youth Opportunity and the Fremont Pool Permanent Funds.

The Special Assessment Bonds Debt Service Fund has no adopted budget because the City is only required to make debt service payments to the extent of revenues collected from property owners. The City paid off its Special Assessment Bonds during fiscal year 2004-05.

The Swirsky Youth Opportunity and Fremont Pool Permanent Funds are not budgeted as the revenues of these funds can only be used for specific purposes.

Formal budgets are employed as a management control device for all funds in which a budget has been adopted. They serve as the primary means of spending control for the general fund, special revenue funds, debt service funds and capital project funds.

- Budgeted amounts reported are those as originally adopted June 15, 2004 plus all amendments approved during the year by the City Council. Individual amendments were not material in relation to the original amounts budgeted. The City's policy is to reappropriate uncompleted capital projects into the next fiscal year.

**BUDGETARY HIGHLIGHTS**

The General Fund appropriations budget (outflows) was amended during the fiscal year to reflect carryover of unspent capital and special projects funds and unanticipated expenditures. Total budget modifications resulting from carryover appropriations totaled \$2,807,413 while \$416,813 was appropriated throughout the fiscal year for various unanticipated expenditures. Funding sources for these amendments included grant revenues, non-recurring events reserve account and General Fund reserves. The appropriations budget was reduced by \$901,374, primarily to reduce budgeted salary adjustments that did not go into effect. Transfers from the General Fund to various other funds increased by \$785,418; most of the transfers was to move the salary savings from to the Employee Benefits Internal Service Fund to use as stabilization for future employee retirement costs.

***Required Supplementary Information, Continued***  
***Fiscal Year Ended June 30, 2005***

**BUDGETARY HIGHLIGHTS, Continued**

Resources (inflows) of the General Fund were also amended during the fiscal year due to carryover of anticipated revenue for capital and special projects and unanticipated receipt of grant funds. Amendments related to carryover of resources for capital and special projects totaled \$207,027. Additionally, the budgets for citywide revenues were amended as part of the budget development process. These amendments were incorporated as part of the City's Recommended Budget for FY 2005/2006. Adjustments were made to the City's budgeted revenue amounts in order to more appropriately reflect the actual trends based upon year-to-date information.

The Employment Development Special Revenue Fund expenditure budget was increased from \$10,084,000 to \$11,432,793. This amendment was required to align the appropriations budget with the grant revenue received. Furthermore, the resources were also amended to reflect the grant revenue received.

**MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS**

In accordance with GASB Statement No. 34, the City is required to account for and report infrastructure capital assets. The City defines infrastructure as the basic physical assets including the street system, water supply and distribution system, wastewater management system, solid waste management system, and site amenities such as parking and landscaped areas used by the City in the conduct of its business. Each major infrastructure system can be divided into subsystems. For example, the street system can be divided into concrete and asphalt pavements, concrete curb and gutters, sidewalks, medians, streetlights, traffic control devices (signs, signals and pavement markings), landscaping and land. Subsystem detail is not presented in these basic financial statements; however, the City maintains detailed information on these subsystems.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for infrastructure reporting for its Streets Pavement System. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated under the following conditions:

- The City manages the eligible infrastructure capital assets using an asset management system which requires that the City (1) perform an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate the annual amounts to maintain and preserve the asset at the established condition assessment level.
- The City documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment level.

***Required Supplementary Information, Continued***  
***Fiscal Year Ended June 30, 2005***

**MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS, Continued**

In September 2001, the City conducted a study to update the physical condition assessment of the streets. The streets, primarily concrete and asphalt pavements, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of City right-of-way. City-owned streets are classified based on land use, access and traffic utilization into the following four classifications: arterial/major, secondary, collector and local. This condition assessment will be performed every three years. Each street was assigned a physical condition based on potential defects. A Pavement Condition Index (PCI), a nationally recognized index, was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street.

The following conditions were defined:

<b>Condition</b>	<b>Rating</b>
Excellent	86-100
Very Good	71-85
Good	56-70
Fair	41-55
Poor	26-40
Very Poor	11-25
Substandard	0-10

The City Policy is to achieve an average rating of 75 for all streets, which is a “very good” rating. As of June 30, 2005, the City’s street system was rated at a PCI index of 86 on the average with the detail condition as follows:

<b>Condition</b>	<b>Rating</b>
Excellent	57%
Very Good	30%
Good	9%
Fair	3%
Poor	1%

***Required Supplementary Information, Continued***  
***Fiscal Year Ended June 30, 2005*****MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS, Continued**

The City's streets are constantly deteriorating resulting from the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to arrest the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair. The City expended \$2,383,000 on street maintenance for the fiscal year ended June 30, 2005. These expenditures delayed deterioration, and maintained the conditions of the City streets. A schedule of estimated annual amount calculated to maintain and preserve its streets at the current level compared to actual expenditures for street maintenance for the last three years is presented below.

<u>Fiscal Year</u>	<u>Maintenance Estimate</u>	<u>Actual Expenditures</u>	<u>PCI Index</u>
2002-2003	\$ 2,528,000	\$ 2,350,000	82
2003-2004	2,503,000	2,436,000	84
2004-2005	2,648,000	2,383,000	86

The City has an on-going street rehabilitation program that is intended to maintain the condition rating of the City Streets. The rehabilitation program is formulated based on deficiencies identified as a part of its Pavement Management System. As of June 30, 2005, approximately 18% of the City's streets were rated below the average standard of 75.

**Required Supplementary Information, Concluded  
Fiscal Year Ended June 30, 2005**

**PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)  
SCHEDULE OF FUNDING PROGRESS**

**MISCELLANEOUS PLAN**

**Retirement Program:**

<u>Actuarial Valuation Date*</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2002	\$ 174,790,746	\$ 164,614,519	\$ (10,176,227)	106.2%	\$ 47,284,379	(21.5)%
6/30/2003	177,821,892	195,323,513	17,501,621	91.0%	54,362,624	32.2%
6/30/2004	187,986,826	215,704,958	27,718,132	87.2%	53,384,441	51.9%

**SAFETY PLAN**

**Retirement Program:**

<u>Actuarial Valuation Date*</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
6/30/2002	\$ 189,487,210	\$ 215,552,037	\$ 26,064,827	87.9%	\$ 21,765,570	119.8%
6/30/2003	191,803,930	233,131,906	41,327,976	82.3%	23,820,307	173.5%
6/30/2004	203,549,462	254,791,912	51,242,450	79.9%	26,422,874	193.9%

\*Based on the latest actuarial valuation.



*Supplementary Information*



## *Nonmajor Governmental Funds*

*Special Revenue Funds* are used to account for specific revenue sources that are legally restricted to expenditures for specified purposes. The Special Revenue funds used by the City in this report are listed below:

The *Community Development Block Grant Fund* accounts for the use of community development block grant funds received from the federal government. Other revenues in this fund include repayments of commercial and residential loans and rental income from City property. Funds are used for programs or projects that increase affordable housing and benefit people with special needs such as senior and handicapped citizens.

The *Housing Fund* accounts for local housing mitigation revenues and HOME grant funds from the federal government. Funds are expended on special and capital projects designed to achieve the City's goal of affordable housing and community development.

The *Park Dedication Fund* accounts for funds that developers contribute towards the acquisition, construction or renovation of neighborhood parks.

The *Asset Forfeiture Fund* accounts for the proceeds from sale of assets seized primarily from illegal narcotics activity. Asset forfeiture funds are used for law enforcement purposes.

The *Police Services Augmentation Fund* accounts for monies received from the federal and state governments, which are expended to enhance law enforcement services.

The *Parking District Fund* accounts for property taxes and special assessment levied on real property located in the City's downtown parking district. The tax revenues in this fund are used primarily to maintain parking lots within the district.

The *Gas Tax Fund* accounts for gas tax revenues received from the State and expended for construction and maintenance of City streets.

The *Transportation Development Act (TDA) Fund* accounts for activities related to the TDA funds received from the State through the Metropolitan Transportation Commission, which are expended on pedestrian and bicycle projects.

The *Youth and Neighborhood Services Fund* accounts for revenues and operating program expenditures of the Columbia Neighborhood Center, a partnership between the City, the Sunnyvale School District and Advanced Micro Devices, a private corporation.

## ***Nonmajor Governmental Funds***

The ***Redevelopment Agency Fund*** accounts for the activities of the Redevelopment Agency of the City of Sunnyvale, which was created by the City council to prepare and carry out redevelopment plans for designated areas of the City.

The ***Low and Moderate Income Housing Fund*** accounts for funds deposited by the Redevelopment Agency of the City of Sunnyvale to improve and increase the supply of low and moderate income housing within the City.

The ***Patent Library Fund*** accounts for services and revenues of the Sunnyvale Center for Information, Innovation, and Ideas (SCI3).

***Permanent Funds are*** used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for restricted purposes. The specific permanent funds used by the City in this report are listed below:

The ***Swirsky Youth Opportunity Fund*** accounts for proceeds received from the estate of Ms. Dorolou Pierson Swirsky dedicated to providing recreation opportunities for disadvantaged youth.

The ***Fremont Pool Fund*** accounts for private donations to be used for the maintenance and operations of the Fremont High School swimming pool.

***Debt Service Funds*** are used for the accumulation and disbursement of financial resources that will be used to make principal and interest payments on general long-term debt. The specific debt service funds used by the City in this report are listed below:

The ***ABAG Certificates of Participation Fund*** is used to accumulate funds for the payment of the 1993 and 1998 Certificates of Participation. Debt service is financed with transfers from the General Fund, which receives lease revenues from the Sunnyvale School District.

The ***Special Assessment Bonds Fund*** is used to accumulate monies for payment of the City's Mary Avenue Phase IV and Phase V Improvement Bonds. Debt service is financed with special assessments levied against property owners within the respective improvement districts. The Bonds were paid off during this fiscal year.

## ***Nonmajor Governmental Funds***

The ***Government Center Certificates of Participation Fund*** is used to accumulate funds for the payment of the Certificates of Participation issued in 2001 to finance the acquisition of land and buildings for possible construction of a new government center. Debt service is financed with transfers from the General Services Internal Service Fund, the Water Supply and Distribution Fund, the Wastewater Management Fund and the Solid Water Management Fund.

***Capital Projects Funds*** are used to account for major capital acquisition and construction activities. The specific capital project funds used by the City in this report are listed below:

The ***Infrastructure Renovation and Replacement Fund*** accounts for funds used for the City's long-term infrastructure renovation and replacement program.

The ***Redevelopment Agency Projects Fund*** accounts for the use of financial resources for Redevelopment Agency capital projects.

**CITY OF SUNNYVALE**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2005**

	Special Revenue			
	Community Development Block Grant	Housing	Park Dedication	Asset Forfeiture
<b>Assets:</b>				
Cash and Investments Held by City	\$ 1,667,602	\$ 11,060,551	\$ 2,307,428	\$ 1,821,059
Cash and Investments Held by Fiscal Agent	-	-	-	-
Receivables, Net	-	99,867	18,785	17,324
Intergovernmental Receivables	360,473	122,590	-	-
Due from Other Funds	-	-	-	-
Inventories and Prepayments	-	295	-	-
Housing Loans Receivable	10,131,137	9,848,755	-	-
<b>Total Assets</b>	<b>\$ 12,159,212</b>	<b>\$ 21,132,058</b>	<b>\$ 2,326,213</b>	<b>\$ 1,838,383</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$ 135,335	\$ 22,904	\$ 1,215	\$ 5,534
Refundable Deposits	-	-	1,532,081	-
Due to Other Funds	-	-	-	-
Deferred Revenues	10,131,137	9,848,755	-	-
<b>Total Liabilities</b>	<b>10,266,472</b>	<b>9,871,659</b>	<b>1,533,296</b>	<b>5,534</b>
<b>Fund Balances:</b>				
<b>Reserved :</b>				
Housing Mitigation	-	7,001,241	-	-
Housing Revolving Fund	1,892,740	-	-	-
Public Safety	-	-	-	1,817,720
Low and Moderate Income Housing	-	-	-	-
Restricted Donations	-	-	-	-
Inventories and Prepayments	-	295	-	-
Debt Service	-	-	-	-
<b>Total Reserved</b>	<b>1,892,740</b>	<b>7,001,536</b>	<b>-</b>	<b>1,817,720</b>
<b>Unreserved, Designated:</b>				
Unrealized Gains	-	-	-	15,129
Current Capital Projects	-	4,176,938	-	-
20-Year Resource Allocation Plan	-	81,925	792,917	-
<b>Total Unreserved, Designated</b>	<b>-</b>	<b>4,258,863</b>	<b>792,917</b>	<b>15,129</b>
<b>Unreserved</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances (Deficit)</b>	<b>1,892,740</b>	<b>11,260,399</b>	<b>792,917</b>	<b>1,832,849</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,159,212</b>	<b>\$ 21,132,058</b>	<b>\$ 2,326,213</b>	<b>\$ 1,838,383</b>

**Special Revenue**

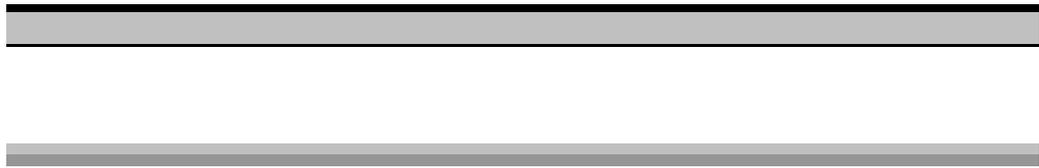
<u>Police Services Augmentation</u>	<u>Parking District</u>	<u>Gas Tax</u>	<u>Transportation Development Act</u>	<u>Youth and Neighborhood Services</u>	<u>Redevelopment Agency</u>
\$ -	\$ 475,523	\$ 5,747,874	\$ -	\$ 574,331	\$ -
201	3,961	47,272	-	32,529	113,268
-	968	367,889	6,118	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 201</u>	<u>\$ 480,452</u>	<u>\$ 6,163,035</u>	<u>\$ 6,118</u>	<u>\$ 606,860</u>	<u>\$ 113,268</u>
\$ -	\$ 331	\$ 8,873	\$ -	\$ 2,384	\$ 293,724
156	-	-	6,118	-	6,238,207
-	-	-	-	-	-
<u>156</u>	<u>331</u>	<u>8,873</u>	<u>6,118</u>	<u>2,384</u>	<u>6,531,931</u>
-	-	-	-	-	-
-	-	-	-	-	-
45	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>45</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-
-	157,954	427,836	-	-	-
-	322,167	5,726,326	-	604,476	-
-	480,121	6,154,162	-	604,476	-
-	-	-	-	-	(6,418,663)
<u>45</u>	<u>480,121</u>	<u>6,154,162</u>	<u>-</u>	<u>604,476</u>	<u>(6,418,663)</u>
<u>\$ 201</u>	<u>\$ 480,452</u>	<u>\$ 6,163,035</u>	<u>\$ 6,118</u>	<u>\$ 606,860</u>	<u>\$ 113,268</u>

Continued

**CITY OF SUNNYVALE**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2005**

	Special Revenue			Permanent
	Low and Moderate Income Housing	Patent Library	Total	Swirsky Youth Opportunity
<b>Assets:</b>				
Cash and Investments Held by City	\$ -	\$ 45,203	\$ 23,699,571	\$ 521,827
Cash and Investments Held by Fiscal Agent	-	-	-	-
Receivables, Net	-	5,561	338,768	4,768
Intergovernmental Receivables	-	-	858,038	-
Due from Other Funds	6,238,207	-	6,238,207	-
Inventories and Prepayments	-	-	295	-
Housing Loans Receivable	-	-	19,979,892	-
<b>Total Assets</b>	<b>\$ 6,238,207</b>	<b>\$ 50,764</b>	<b>\$ 51,114,771</b>	<b>\$ 526,595</b>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ -	\$ 6,329	\$ 476,629	\$ -
Refundable Deposits	-	43,624	1,575,705	-
Due to Other Funds	-	-	6,244,481	-
Deferred Revenues	-	-	19,979,892	-
<b>Total Liabilities</b>	<b>-</b>	<b>49,953</b>	<b>28,276,707</b>	<b>-</b>
Fund Balances:				
Reserved :				
Housing Mitigation	-	-	7,001,241	-
Housing Revolving Fund	-	-	1,892,740	-
Public Safety	-	-	1,817,765	-
Low and Moderate Income Housing	6,238,207	-	6,238,207	-
Restricted Donations	-	-	-	526,595
Inventories and Prepayments	-	-	295	-
Debt Service	-	-	-	-
<b>Total Reserved</b>	<b>6,238,207</b>	<b>-</b>	<b>16,950,248</b>	<b>526,595</b>
Unreserved, Designated:				
Unrealized Gains	-	811	15,940	-
Current Capital Projects	-	-	4,762,728	-
20-Year Resource Allocation Plan	-	-	7,527,811	-
<b>Total Unreserved, Designated</b>	<b>-</b>	<b>811</b>	<b>12,306,479</b>	<b>-</b>
Unreserved	-	-	(6,418,663)	-
<b>Total Fund Balances (Deficit)</b>	<b>6,238,207</b>	<b>811</b>	<b>22,838,064</b>	<b>526,595</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,238,207</b>	<b>\$ 50,764</b>	<b>\$ 51,114,771</b>	<b>\$ 526,595</b>



Permanent		Debt Service		
Fremont Pool	Total	ABAG Certificates of Participation	Special Assessment Bonds	Government Center Certificates of Participation
\$ 785,861	\$ 1,307,688	\$ -	\$ -	\$ -
-	-	431,134	-	1,264,491
7,210	11,978	464	-	2
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 793,071</u>	<u>\$ 1,319,666</u>	<u>\$ 431,598</u>	<u>\$ -</u>	<u>\$ 1,264,493</u>
\$ -	\$ -	\$ -	\$ -	\$ 33,929
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,929</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
793,071	1,319,666	-	-	-
-	-	-	-	-
-	-	431,598	-	1,230,564
<u>793,071</u>	<u>1,319,666</u>	<u>431,598</u>	<u>-</u>	<u>1,230,564</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>793,071</u>	<u>1,319,666</u>	<u>431,598</u>	<u>-</u>	<u>1,230,564</u>
<u>\$ 793,071</u>	<u>\$ 1,319,666</u>	<u>\$ 431,598</u>	<u>\$ -</u>	<u>\$ 1,264,493</u>

Continued

**CITY OF SUNNYVALE**

**Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2005**

	Debt Service	Capital Projects		
	Total	Infrastructure Renovation and Replacement	Redevelopment Agency Projects	
<b>Assets:</b>				
Cash and Investments Held by City	\$ -	\$ 16,413,139	\$ 1,561,308	\$ 17,974,447
Cash and Investments Held by Fiscal Agent	1,695,625	-	-	-
Receivables, Net	466	157,908	-	157,908
Intergovernmental Receivables	-	25,651	-	25,651
Due from Other Funds	-	-	-	-
Inventories and Prepayments	-	-	-	-
Housing Loans Receivable	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,696,091</b>	<b>\$ 16,596,698</b>	<b>\$ 1,561,308</b>	<b>\$ 18,158,006</b>
<b>Liabilities and Fund Balances:</b>				
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$ 33,929	\$ 251,010	\$ -	\$ 251,010
Refundable Deposits	-	-	-	-
Due to Other Funds	-	-	-	-
Deferred Revenues	-	-	-	-
<b>Total Liabilities</b>	<b>33,929</b>	<b>251,010</b>	<b>-</b>	<b>251,010</b>
<b>Fund Balances:</b>				
<b>Reserved :</b>				
Housing Mitigation	-	-	-	-
Housing Revolving Fund	-	-	-	-
Public Safety	-	-	-	-
Low and Moderate Income Housing	-	-	-	-
Restricted Donations	-	-	-	-
Inventories and Prepayments	-	-	-	-
Debt Service	1,662,162	-	-	-
<b>Total Reserved</b>	<b>1,662,162</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Unreserved, Designated:</b>				
Unrealized Gains (Losses)	-	-	-	-
Current Capital Projects	-	5,452,303	1,561,308	7,013,611
20-Year Resource Allocation Plan	-	10,893,385	-	10,893,385
<b>Total Unreserved, Designated</b>	<b>-</b>	<b>16,345,688</b>	<b>1,561,308</b>	<b>17,906,996</b>
<b>Unreserved</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Fund Balances (Deficit)</b>	<b>1,662,162</b>	<b>16,345,688</b>	<b>1,561,308</b>	<b>17,906,996</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,696,091</b>	<b>\$ 16,596,698</b>	<b>\$ 1,561,308</b>	<b>\$ 18,158,006</b>



**Total  
Nonmajor  
Governmental  
Funds**

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\$	42,981,706
	1,695,625
	509,120
	883,689
	6,238,207
	295
	<u>19,979,892</u>
\$	<u><u>72,288,534</u></u>

\$	761,568
	1,575,705
	6,244,481
	<u>19,979,892</u>
	<u>28,561,646</u>

	7,001,241
	1,892,740
	1,817,765
	6,238,207
	1,319,666
	295
	<u>1,662,162</u>
	<u>19,932,076</u>

	15,940
	11,776,339
	<u>18,421,196</u>
	<u>30,213,475</u>
	<u>(6,418,663)</u>
	<u>43,726,888</u>
\$	<u><u>72,288,534</u></u>

Concluded

**CITY OF SUNNYVALE**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2005**

	<b>Special Revenue</b>			
	<b>Community Development Block Grant</b>	<b>Housing</b>	<b>Park Dedication</b>	<b>Asset Forfeiture</b>
<b>Revenues:</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	1,086,554	479,342	-	-
Fines and Forfeitures	-	-	-	36,242
Service Fees	-	1,065,898	655,945	-
Rents and Concessions	2,174	-	96,665	-
Investment Earnings	-	237,486	42,187	42,063
Other Revenues	1,190,091	17,505	-	-
<b>Total Revenues</b>	<b>2,278,819</b>	<b>1,800,231</b>	<b>794,797</b>	<b>78,305</b>
<b>Expenditures:</b>				
Current:				
Planning and Management	-	-	-	-
Public Safety	-	-	-	96,590
Community Development	1,228,025	2,432,441	-	-
Transportation	-	-	-	-
Socioeconomic	187,698	-	-	-
Cultural	-	-	-	-
Capital Outlay	100,000	-	16,107	8,402
Debt Service:				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<b>1,515,723</b>	<b>2,432,441</b>	<b>16,107</b>	<b>104,992</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>763,096</b>	<b>(632,210)</b>	<b>778,690</b>	<b>(26,687)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(6,836)	(12,772)	(655,945)	(195,260)
<b>Total Other Financing Sources (Uses)</b>	<b>(6,836)</b>	<b>(12,772)</b>	<b>(655,945)</b>	<b>(195,260)</b>
<b>Net Change in Fund Balances</b>	<b>756,260</b>	<b>(644,982)</b>	<b>122,745</b>	<b>(221,947)</b>
<b>Fund Balances - Beginning of Year</b>	<b>1,136,480</b>	<b>11,905,381</b>	<b>670,172</b>	<b>2,054,796</b>
<b>Fund Balances - End of Year</b>	<b>\$ 1,892,740</b>	<b>\$ 11,260,399</b>	<b>\$ 792,917</b>	<b>\$ 1,832,849</b>

**Special Revenue**

<b>Police Services Augmentation</b>	<b>Parking District</b>	<b>Gas Tax</b>	<b>Transportation Development Act</b>	<b>Youth and Neighborhood Services</b>	<b>Redevelopment Agency</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,385,495
204,898	-	2,648,791	6,118	81,299	-
-	-	-	-	-	-
-	151,986	-	-	88,624	-
-	-	-	-	6,485	-
(2,883)	9,037	106,760	-	10,558	-
-	-	47,010	-	-	-
<u>202,015</u>	<u>161,023</u>	<u>2,802,561</u>	<u>6,118</u>	<u>186,966</u>	<u>3,385,495</u>
-	2,889	-	-	-	75,769
222,136	-	-	-	-	-
-	144,587	-	-	-	241,124
-	-	1,790,127	-	-	-
-	-	-	-	527,837	14,620
-	-	-	-	-	-
-	-	159,211	-	-	11,019
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>222,136</u>	<u>147,476</u>	<u>1,949,338</u>	<u>-</u>	<u>527,837</u>	<u>342,532</u>
(20,121)	13,547	853,223	6,118	(340,871)	3,042,963
1,281	-	415,394	-	93,811	-
(3,252)	(13,624)	(369,479)	(6,118)	(3,913)	(3,968,923)
<u>(1,971)</u>	<u>(13,624)</u>	<u>45,915</u>	<u>(6,118)</u>	<u>89,898</u>	<u>(3,968,923)</u>
(22,092)	(77)	899,138	-	(250,973)	(925,960)
22,137	480,198	5,255,024	-	855,449	(5,492,703)
<u>\$ 45</u>	<u>\$ 480,121</u>	<u>\$ 6,154,162</u>	<u>\$ -</u>	<u>\$ 604,476</u>	<u>\$ (6,418,663)</u>

Continued

**CITY OF SUNNYVALE**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2005**

	Special Revenue			Permanent
	Low and Moderate Income Housing	Patent Library	Total	Swirsky Youth Opportunity
<b>Revenues:</b>				
Property Taxes	\$ -	\$ -	\$ 3,385,495	\$ -
Intergovernmental Revenues	-	-	4,507,002	-
Fines and Forfeitures	-	-	36,242	-
Service Fees	-	271,993	2,234,446	-
Rents and Concessions	-	-	105,324	-
Investment Earnings	-	1,642	446,850	11,354
Other Revenues	-	-	1,254,606	-
<b>Total Revenues</b>	<b>-</b>	<b>273,635</b>	<b>11,969,965</b>	<b>11,354</b>
<b>Expenditures:</b>				
Current:				
Planning and Management	-	-	78,658	-
Public Safety	-	-	318,726	-
Community Development	-	-	4,046,177	-
Transportation	-	-	1,790,127	-
Socioeconomic	-	-	730,155	-
Cultural	-	324,198	324,198	3,982
Capital Outlay	-	-	294,739	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>324,198</b>	<b>7,582,780</b>	<b>3,982</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(50,563)</b>	<b>4,387,185</b>	<b>7,372</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	745,954	10,322	1,266,762	-
Transfers Out	-	(3,425)	(5,239,547)	(7,963)
<b>Total Other Financing Sources (Uses)</b>	<b>745,954</b>	<b>6,897</b>	<b>(3,972,785)</b>	<b>(7,963)</b>
<b>Net Change in Fund Balances</b>	<b>745,954</b>	<b>(43,666)</b>	<b>414,400</b>	<b>(591)</b>
<b>Fund Balances - Beginning of Year</b>	<b>5,492,253</b>	<b>44,477</b>	<b>22,423,664</b>	<b>527,186</b>
<b>Fund Balances - End of Year</b>	<b>\$ 6,238,207</b>	<b>\$ 811</b>	<b>\$ 22,838,064</b>	<b>\$ 526,595</b>

Permanent		Debt Service		
Fremont Pool	Total	ABAG Certificates of Participation	Special Assessment Bonds	Government Center Certificates of Participation
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
16,992	28,346	14,467	3,072	35,780
1,991	1,991	35	-	-
18,983	30,337	14,502	3,072	35,780
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	3,982	-	-	-
-	-	-	-	-
-	-	295,000	280,000	395,000
-	-	116,358	10,220	318,962
-	-	-	378	52,047
-	3,982	411,358	290,598	766,009
18,983	26,355	(396,856)	(287,526)	(730,229)
-	-	399,132	-	700,461
(25,748)	(33,711)	-	(190,784)	-
(25,748)	(33,711)	399,132	(190,784)	700,461
(6,765)	(7,356)	2,276	(478,310)	(29,768)
799,836	1,327,022	429,322	478,310	1,260,332
\$ 793,071	\$ 1,319,666	\$ 431,598	\$ -	\$ 1,230,564

Continued

**CITY OF SUNNYVALE**

**Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2005**

	<u>Debt Service</u>	<u>Capital Projects</u>		
	<u>Total</u>	<u>Infrastructure Renovation and Replacement</u>	<u>Redevelopment Agency Projects</u>	<u>Total</u>
<b>Revenues:</b>				
Property Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental Revenues	-	277,093	-	277,093
Fines and Forfeitures	-	-	-	-
Service Fees	-	-	-	-
Rents and Concessions	-	-	-	-
Investment Earnings	53,319	388,421	-	388,421
Other Revenues	35	452	-	452
<b>Total Revenues</b>	<b>53,354</b>	<b>665,966</b>	<b>-</b>	<b>665,966</b>
<b>Expenditures:</b>				
Current:				
Planning and Management	-	403,568	-	403,568
Public Safety	-	-	-	-
Community Development	-	96,818	-	96,818
Transportation	-	839,181	-	839,181
Socioeconomic	-	-	-	-
Cultural	-	76,487	-	76,487
Capital Outlay	-	1,416,885	402	1,417,287
Debt Service:				
Principal Retirement	970,000	-	-	-
Interest	445,540	-	-	-
Fiscal Charges	52,425	-	-	-
<b>Total Expenditures</b>	<b>1,467,965</b>	<b>2,832,939</b>	<b>402</b>	<b>2,833,341</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(1,414,611)</b>	<b>(2,166,973)</b>	<b>(402)</b>	<b>(2,167,375)</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	1,099,593	2,432,281	62,172	2,494,453
Transfers Out	(190,784)	(5,860,858)	-	(5,860,858)
<b>Total Other Financing Sources (Uses)</b>	<b>908,809</b>	<b>(3,428,577)</b>	<b>62,172</b>	<b>(3,366,405)</b>
<b>Net Change in Fund Balances</b>	<b>(505,802)</b>	<b>(5,595,550)</b>	<b>61,770</b>	<b>(5,533,780)</b>
<b>Fund Balances - Beginning of Year</b>	<b>2,167,964</b>	<b>21,941,238</b>	<b>1,499,538</b>	<b>23,440,776</b>
<b>Fund Balances - End of Year</b>	<b>\$ 1,662,162</b>	<b>\$ 16,345,688</b>	<b>\$ 1,561,308</b>	<b>\$ 17,906,996</b>



**Total  
Nonmajor  
Governmental  
Funds**

\$		3,385,495							
		4,784,095							
		36,242							
		2,234,446							
		105,324							
		916,936							
		1,257,084							
		12,719,622							
		482,226							
		318,726							
		4,142,995							
		2,629,308							
		730,155							
		404,667							
		1,712,026							
		970,000							
		445,540							
		52,425							
		11,888,068							
		831,554							
		4,860,808							
		(11,324,900)							
		(6,464,092)							
		(5,632,538)							
		49,359,426							
		\$ 43,726,888							

Concluded

**CITY OF SUNNYVALE****Redevelopment Debt Service Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ (46,753,730)	\$ (46,753,730)	\$ (46,753,730)	\$ -
<b>Resources (Inflows):</b>				
Investment Earnings	100,000	100,000	108,152	8,152
Transfers In	1,797,749	1,797,749	1,756,556	(41,193)
<b>Total Resources</b>	<u>1,897,749</u>	<u>1,897,749</u>	<u>1,864,708</u>	<u>(33,041)</u>
<b>Charges to Appropriations (Outflows):</b>				
Principal Retirement	730,000	730,000	730,000	-
Interest	1,049,749	1,049,749	1,049,749	-
Fiscal Charges	18,000	18,000	14,571	
<b>Total Charges to Appropriations</b>	<u>1,797,749</u>	<u>1,797,749</u>	<u>1,794,320</u>	<u>-</u>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<u>100,000</u>	<u>100,000</u>	<u>70,388</u>	<u>(33,041)</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ (46,653,730)</u>	<u>\$ (46,653,730)</u>	<u>\$ (46,683,342)</u>	<u>\$ (33,041)</u>

**CITY OF SUNNYVALE****City Capital Projects Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 8,815,651	\$ 11,211,242	\$ 11,211,242	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental Revenues	7,440,000	20,398,200	950,661	(19,447,539)
Fines and Forfeitures	-	-	69,142	69,142
Service Fees	131,375	1,048,061	2,723,381	1,675,320
Investment Earnings	132,794	203,974	266,563	62,589
Other Revenues	-	158,403	5,625	(152,778)
Transfers In	3,289,652	5,125,848	823,891	(4,301,957)
<b>Total Resources</b>	<b>10,993,821</b>	<b>26,934,486</b>	<b>4,839,263</b>	<b>(22,095,223)</b>
<b>Charges to Appropriations (Outflows):</b>				
Community Development	-	418,792	418,792	-
Capital Outlay	9,040,000	28,486,588	1,483,813	27,002,775
Transfers Out	3,108,969	4,358,754	4,230,889	127,865
<b>Total Charges to Appropriations</b>	<b>12,148,969</b>	<b>33,264,134</b>	<b>6,133,494</b>	<b>27,130,640</b>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<b>(1,155,148)</b>	<b>(6,329,648)</b>	<b>(1,294,231)</b>	<b>5,035,417</b>
<b>Budgetary Fund Balance, June 30, 2005</b>	<b>\$ 7,660,503</b>	<b>\$ 4,881,594</b>	<b>\$ 9,917,011</b>	<b>5,035,417</b>

**CITY OF SUNNYVALE****Community Development Block Grant Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 1,031,504	\$ 1,136,480	\$ 1,136,480	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental Revenues	1,504,000	2,140,086	1,086,554	(1,053,532)
Rents and Concessions	-	2,174	2,174	-
Other Revenues	522,000	1,031,819	1,190,091	158,272
<b>Total Resources</b>	<u>2,026,000</u>	<u>3,174,079</u>	<u>2,278,819</u>	<u>(895,260)</u>
<b>Charges to Appropriations (Outflows):</b>				
Community Development	1,917,201	2,297,625	1,228,025	1,069,600
Socioeconomic	192,069	195,069	187,698	7,371
Capital Outlay	100,000	100,000	100,000	-
Transfers Out	15,000	21,836	6,836	15,000
<b>Total Charges to Appropriations</b>	<u>2,224,270</u>	<u>2,614,530</u>	<u>1,522,559</u>	<u>1,091,971</u>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<u>(198,270)</u>	<u>559,549</u>	<u>756,260</u>	<u>196,711</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ 833,234</u>	<u>\$ 1,696,029</u>	<u>\$ 1,892,740</u>	<u>\$ 196,711</u>

**CITY OF SUNNYVALE****Housing Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 8,707,401	\$ 12,047,834	\$ 12,047,834	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental Revenues	786,757	2,594,574	484,403	(2,110,171)
Service Fees	758,475	758,475	805,875	47,400
Investment Earnings	332,549	403,911	356,642	(47,269)
Other Revenues	950,436	1,040,774	272,467	(768,307)
Transfers In	2,784,741	3,294,108	3,294,108	-
<b>Total Resources</b>	<b>5,612,958</b>	<b>8,091,842</b>	<b>5,213,495</b>	<b>(2,878,347)</b>
<b>Charges to Appropriations (Outflows):</b>				
Community Development	1,784,229	6,538,037	2,432,441	4,105,596
Transfers Out	2,780,270	3,306,880	3,306,880	-
<b>Total Charges to Appropriations</b>	<b>4,564,499</b>	<b>9,844,917</b>	<b>5,739,321</b>	<b>4,105,596</b>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<b>1,048,459</b>	<b>(1,753,075)</b>	<b>(525,826)</b>	<b>1,227,249</b>
<b>Budgetary Fund Balance, June 30, 2005</b>	<b>\$ 9,755,860</b>	<b>\$ 10,294,759</b>	<b>\$ 11,522,008</b>	<b>\$ 1,227,249</b>

**CITY OF SUNNYVALE****Park Dedication Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 257,879	\$ 744,388	\$ 744,388	\$ -
<b>Resources (Inflows):</b>				
Service Fees	655,945	1,255,152	655,945	(599,207)
Rents and Concessions	98,610	98,610	98,265	(345)
Investment Earnings	78,699	78,699	67,084	(11,615)
<b>Total Resources</b>	<u>833,254</u>	<u>1,432,461</u>	<u>821,294</u>	<u>(611,167)</u>
<b>Charges to Appropriations (Outflows):</b>				
Capital Outlay	12,120	12,120	16,107	(3,987)
Transfers Out	-	655,945	655,945	-
<b>Total Charges to Appropriations</b>	<u>12,120</u>	<u>668,065</u>	<u>672,052</u>	<u>(3,987)</u>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<u>821,134</u>	<u>764,396</u>	<u>149,242</u>	<u>(615,154)</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ 1,079,013</u>	<u>\$ 1,508,784</u>	<u>\$ 893,630</u>	<u>\$ (615,154)</u>

**CITY OF SUNNYVALE****Asset Forfeiture Special Revenue Fund****Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 1,639,663	\$ 2,056,734	\$ 2,056,734	\$ -
<b>Resources (Inflows):</b>				
Fines and Forfeitures	-	18,423	36,242	17,819
Investment Earnings	62,277	62,277	61,866	(411)
<b>Total Resources</b>	<u>62,277</u>	<u>80,700</u>	<u>98,108</u>	<u>17,408</u>
<b>Charges to Appropriations (Outflows):</b>				
Public Safety	3,090	127,372	96,590	30,782
Capital Outlay	-	238,269	8,402	229,867
Transfers Out	79,640	196,625	195,260	1,365
<b>Total Charges to Appropriations</b>	<u>82,730</u>	<u>562,266</u>	<u>300,252</u>	<u>262,014</u>
<b>Excess of Resources Over (Under)     Charges to Appropriations</b>	<u>(20,453)</u>	<u>(481,566)</u>	<u>(202,144)</u>	<u>279,422</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ 1,619,210</u>	<u>\$ 1,575,168</u>	<u>\$ 1,854,590</u>	<u>\$ 279,422</u>

**CITY OF SUNNYVALE****Police Services Augmentation Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 9,181	\$ 16,643	\$ 16,643	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental Revenues	223,373	204,898	204,898	-
Investment Earnings	377	118	927	809
Transfers In	2,889	2,889	14,235	11,346
<b>Total Resources</b>	<u>226,639</u>	<u>207,905</u>	<u>220,060</u>	<u>12,155</u>
<b>Charges to Appropriations (Outflows):</b>				
Public Safety	226,023	221,470	222,136	(666)
Transfers Out	-	-	16,205	16,205
<b>Total Charges to Appropriations</b>	<u>226,023</u>	<u>221,470</u>	<u>238,341</u>	<u>15,539</u>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<u>616</u>	<u>(13,565)</u>	<u>(18,281)</u>	<u>27,694</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ 9,797</u>	<u>\$ 3,078</u>	<u>\$ (1,638)</u>	<u>\$ 27,694</u>

**CITY OF SUNNYVALE****Parking District Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 325,856	\$ 485,605	\$ 485,605	\$ -
<b>Resources (Inflows):</b>				
Service Fees	153,263	174,024	151,986	(22,038)
Investment Earnings	12,065	12,065	14,146	2,081
<b>Total Resources</b>	<u>165,328</u>	<u>186,089</u>	<u>166,132</u>	<u>(19,957)</u>
<b>Charges to Appropriations (Outflows):</b>				
Planning and Management	-	3,333	2,889	444
Community Development	165,588	163,548	144,587	18,961
Capital Outlay	-	157,954	-	157,954
Transfers Out	11,896	13,624	13,624	-
<b>Total Charges to Appropriations</b>	<u>177,484</u>	<u>338,459</u>	<u>161,100</u>	<u>177,359</u>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<u>(12,156)</u>	<u>(152,370)</u>	<u>5,032</u>	<u>157,402</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ 313,700</u>	<u>\$ 333,235</u>	<u>\$ 490,637</u>	<u>\$ 157,402</u>

**CITY OF SUNNYVALE****Gas Tax Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 3,753,769	\$ 5,306,447	\$ 5,306,447	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental Revenues	2,540,873	2,901,084	2,648,791	(252,293)
Other Revenues	-	2,010	47,010	45,000
Investment Earnings	87,785	150,000	168,819	18,819
Transfers In	-	316,707	415,427	98,720
<b>Total Resources</b>	<u>2,628,658</u>	<u>3,369,801</u>	<u>3,280,047</u>	<u>(89,754)</u>
<b>Charges to Appropriations (Outflows):</b>				
Transportation	2,000,000	2,117,156	1,790,127	327,029
Capital Outlay	24,753	515,895	159,211	356,684
Transfers Out	3,686,322	4,259,133	369,478	3,889,655
<b>Total Charges to Appropriations</b>	<u>5,711,075</u>	<u>6,892,184</u>	<u>2,318,816</u>	<u>4,573,368</u>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<u>(3,082,417)</u>	<u>(3,522,383)</u>	<u>961,231</u>	<u>4,483,614</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ 671,352</u>	<u>\$ 1,784,064</u>	<u>\$ 6,267,678</u>	<u>\$ 4,483,614</u>

**CITY OF SUNNYVALE****Transportation Development Act Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ -	\$ -	\$ -	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental Revenues	35,695	335,306	6,118	(329,188)
<b>Total Resources</b>	<u>35,695</u>	<u>335,306</u>	<u>6,118</u>	<u>(329,188)</u>
<b>Charges to Appropriations (Outflows):</b>				
Transfers Out	-	299,611	6,118	293,493
<b>Total Charges to Appropriations</b>	<u>-</u>	<u>299,611</u>	<u>6,118</u>	<u>293,493</u>
<b>Excess of Resources Over (Under)         Charges to Appropriations</b>	<u>35,695</u>	<u>35,695</u>	<u>-</u>	<u>(35,695)</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ 35,695</u>	<u>\$ 35,695</u>	<u>\$ -</u>	<u>\$ (35,695)</u>

**CITY OF SUNNYVALE****Youth and Neighborhood Services Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 810,069	\$ 869,059	\$ 869,059	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental Revenues	95,759	80,000	81,299	1,299
Service Fees	88,683	74,221	88,625	14,404
Rents and Concessions	25,300	6,500	6,485	(15)
Investment Earnings	20,266	20,266	15,856	(4,410)
Transfers In	93,811	93,811	93,811	-
<b>Total Resources</b>	<b>323,819</b>	<b>274,798</b>	<b>286,076</b>	<b>11,278</b>
<b>Charges to Appropriations (Outflows):</b>				
Socioeconomic	627,230	598,040	527,837	70,203
Transfers Out	-	3,913	3,913	-
<b>Total Charges to Appropriations</b>	<b>627,230</b>	<b>601,953</b>	<b>531,750</b>	<b>70,203</b>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<b>(303,411)</b>	<b>(327,155)</b>	<b>(245,674)</b>	<b>81,481</b>
<b>Budgetary Fund Balance, June 30, 2005</b>	<b>\$ 506,658</b>	<b>\$ 541,904</b>	<b>\$ 623,385</b>	<b>\$ 81,481</b>

**CITY OF SUNNYVALE****Redevelopment Agency Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ (5,492,703)	\$ (5,492,703)	\$ (5,492,703)	\$ -
<b>Resources (Inflows):</b>				
Property Taxes	3,366,185	3,366,185	3,385,495	19,310
<b>Total Resources</b>	<u>3,366,185</u>	<u>3,366,185</u>	<u>3,385,495</u>	<u>19,310</u>
<b>Charges to Appropriations (Outflows):</b>				
Planning and Management	75,000	202,080	75,769	126,311
Community Development	301,143	356,044	241,124	114,920
Socioeconomic	-	14,620	14,620	-
Capital Outlay	835,000	994,079	11,019	983,060
Transfers Out	2,246,043	2,249,231	3,292,830	(1,043,599)
<b>Total Charges to Appropriations</b>	<u>3,457,186</u>	<u>3,816,054</u>	<u>3,635,362</u>	<u>180,692</u>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<u>(91,001)</u>	<u>(449,869)</u>	<u>(249,867)</u>	<u>200,002</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ (5,583,704)</u>	<u>\$ (5,942,572)</u>	<u>\$ (5,742,570)</u>	<u>\$ 200,002</u>

**CITY OF SUNNYVALE**

**Low and Moderate Income Housing Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 5,985,137	\$ 5,492,253	\$ 5,492,253	\$ -
<b>Resources (Inflows):</b>				
Transfers In	-	-	745,954	745,954
<b>Amount Available for Appropriation</b>	-	-	745,954	745,954
<b>Budgetary Fund Balance, June 30, 2005</b>	\$ 5,985,137	\$ 5,492,253	\$ 6,238,207	\$ 745,954

**CITY OF SUNNYVALE****Patent Library Special Revenue Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 74,243	\$ 43,414	\$ 43,414	\$ -
<b>Resources (Inflows):</b>				
Service Fees	295,646	257,659	271,993	14,334
Investment Earnings	-	2,435	2,004	(431)
Transfers In	-	19,651	10,322	(9,329)
<b>Total Resources</b>	<u>295,646</u>	<u>279,745</u>	<u>284,319</u>	<u>4,574</u>
<b>Charges to Appropriations (Outflows):</b>				
Cultural	299,931	319,734	324,198	(4,464)
Transfers Out	-	3,425	3,425	-
<b>Total Charges to Appropriations</b>	<u>299,931</u>	<u>323,159</u>	<u>327,623</u>	<u>(4,464)</u>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<u>(4,285)</u>	<u>(43,414)</u>	<u>(43,304)</u>	<u>110</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ 69,958</u>	<u>\$ -</u>	<u>\$ 110</u>	<u>\$ 110</u>

**CITY OF SUNNYVALE****Swirsky Youth Opportunity Permanent Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 547,751	\$ 538,580	\$ 538,580	\$ -
<b>Resources (Inflows):</b>				
Investment Earnings	21,910	17,000	17,026	26
<b>Total Resources</b>	<u>21,910</u>	<u>17,000</u>	<u>17,026</u>	<u>26</u>
<b>Charges to Appropriations (Outflows):</b>				
Cultural	-	3,982	3,982	-
Transfers Out	-	7,963	7,963	-
<b>Total Charges to Appropriations</b>	<u>-</u>	<u>11,945</u>	<u>11,945</u>	<u>-</u>
<b>Excess of Resources Over (Under)     Charges to Appropriations</b>	<u>21,910</u>	<u>5,055</u>	<u>5,081</u>	<u>26</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ 569,661</u>	<u>\$ 543,635</u>	<u>\$ 543,661</u>	<u>\$ 26</u>

**CITY OF SUNNYVALE****Fremont Pool Permanent Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 810,049	\$ 811,542	\$ 811,542	\$ -
<b>Resources (Inflows):</b>				
Investment Earnings	32,402	32,402	25,748	(6,654)
Other Revenues	-	1,991	1,991	-
<b>Total Resources</b>	<u>32,402</u>	<u>34,393</u>	<u>27,739</u>	<u>(6,654)</u>
<b>Charges to Appropriations (Outflows):</b>				
Transfers Out	32,402	32,402	25,748	6,654
<b>Total Charges to Appropriations</b>	<u>32,402</u>	<u>32,402</u>	<u>25,748</u>	<u>6,654</u>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<u>-</u>	<u>1,991</u>	<u>1,991</u>	<u>-</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ 810,049</u>	<u>\$ 813,533</u>	<u>\$ 813,533</u>	<u>\$ -</u>

**CITY OF SUNNYVALE****ABAG Certificates of Participation Debt Service Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 429,322	\$ 429,322	\$ 429,322	\$ -
<b>Resources (Inflows):</b>				
Investment Earnings	-	-	14,467	14,467
Other Revenues	-	-	35	35
Transfers In	411,358	411,358	399,132	(12,226)
<b>Total Resources</b>	<u>411,358</u>	<u>411,358</u>	<u>413,634</u>	<u>2,276</u>
<b>Charges to Appropriations (Outflows):</b>				
Principal Retirement	295,000	295,000	295,000	-
Interest	116,358	116,358	116,358	-
<b>Total Charges to Appropriations</b>	<u>411,358</u>	<u>411,358</u>	<u>411,358</u>	<u>-</u>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<u>-</u>	<u>-</u>	<u>2,276</u>	<u>2,276</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ 429,322</u>	<u>\$ 429,322</u>	<u>\$ 431,598</u>	<u>\$ 2,276</u>

**CITY OF SUNNYVALE****Government Center Certificates of Participation Debt Service Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 1,260,332	\$ 1,260,332	\$ 1,260,332	\$ -
<b>Resources (Inflows):</b>				
Investment Earnings	-	-	35,780	35,780
Transfers In	670,500	670,500	700,461	29,961
<b>Total Resources</b>	<u>670,500</u>	<u>670,500</u>	<u>736,241</u>	<u>65,741</u>
<b>Charges to Appropriations (Outflows):</b>				
Principal Retirement	395,000	395,000	395,000	-
Interest	220,000	220,000	318,962	(98,962)
Fiscal Charges	55,500	55,500	52,047	3,453
<b>Total Charges to Appropriations</b>	<u>670,500</u>	<u>670,500</u>	<u>766,009</u>	<u>(95,509)</u>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<u>-</u>	<u>-</u>	<u>(29,768)</u>	<u>(29,768)</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ 1,260,332</u>	<u>\$ 1,260,332</u>	<u>\$ 1,230,564</u>	<u>\$ (29,768)</u>

**CITY OF SUNNYVALE****Infrastructure Renovation and Replacement Capital Projects Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 14,846,538	\$ 22,377,219	\$ 22,377,219	\$ -
<b>Resources (Inflows):</b>				
Intergovernmental Revenues	-	382,163	277,093	(105,070)
Investment Earnings	332,862	587,295	563,918	(23,377)
Other Revenues	-	452	452	-
Transfers In	4,085,074	4,083,545	4,150,033	66,488
<b>Total Resources</b>	<u>4,417,936</u>	<u>5,053,455</u>	<u>4,991,496</u>	<u>(61,959)</u>
<b>Charges to Appropriations (Outflows):</b>				
Planning and Management	642,454	2,707,006	403,568	2,303,438
Community Development	64,942	112,055	96,818	15,237
Transportation	916,207	1,106,908	839,181	267,727
Cultural	141,477	271,381	76,487	194,894
Capital Outlay	109,476	3,962,919	1,416,885	2,546,034
Transfers Out	6,916,692	7,939,540	7,849,539	90,001
<b>Total Charges to Appropriations</b>	<u>8,791,248</u>	<u>16,099,809</u>	<u>10,682,478</u>	<u>5,417,331</u>
<b>Excess of Resources Over (Under) Charges to Appropriations</b>	<u>(4,373,312)</u>	<u>(11,046,354)</u>	<u>(5,690,982)</u>	<u>5,355,372</u>
<b>Budgetary Fund Balance, June 30, 2005</b>	<u>\$ 10,473,226</u>	<u>\$ 11,330,865</u>	<u>\$ 16,686,237</u>	<u>\$ 5,355,372</u>

**CITY OF SUNNYVALE****Redevelopment Agency Capital Projects Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual  
Year Ended June 30, 2005**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2004</b>	\$ 1,499,538	\$ 1,499,538	\$ 1,499,538	\$ -
<b>Resources (Inflows):</b>				
Transfers In	62,172	62,172	62,172	-
<b>Total Resources</b>	<b>62,172</b>	<b>62,172</b>	<b>62,172</b>	<b>-</b>
<b>Charges to Appropriations (Outflows):</b>				
Capital Outlay	62,172	1,562,000	402	1,561,598
<b>Total Charges to Appropriations</b>	<b>62,172</b>	<b>1,562,000</b>	<b>402</b>	<b>1,561,598</b>
<b>Excess of Resources Over (Under)</b>				
<b>Charges to Appropriations</b>	<b>-</b>	<b>(1,499,828)</b>	<b>61,770</b>	<b>(1,561,598)</b>
<b>Budgetary Fund Balance, June 30, 2005</b>	<b>\$ 1,499,538</b>	<b>\$ (290)</b>	<b>\$ 1,561,308</b>	<b>\$ (1,561,598)</b>



## *Internal Service Funds*

The ***General Services Fund*** accounts for charges to City departments for use of fleet equipment, building space, office equipment, print shop services and computer services on a cost reimbursement basis.

The ***Employee Benefits Fund*** accounts for charges to City departments for leave time and employee benefits on a cost reimbursement basis.

The ***Risk Management Fund*** accounts for charges to City departments for property and liability insurance on a cost reimbursement basis.

**CITY OF SUNNYVALE**

**Combining Statement of Net Assets  
All Internal Service Funds  
June 30, 2005**

	<b>General Services</b>	<b>Employee Benefits</b>	<b>Risk Management</b>	<b>Totals</b>
<b>Assets:</b>				
Current Assets				
Cash and Investments Held by City	\$ 26,028,115	\$ 31,820,345	\$ 951,068	\$ 58,799,528
Receivables, Net	235,691	290,348	7,550	533,589
Inventories and Prepayments	71,418	-	-	71,418
Total Current Assets	<u>26,335,224</u>	<u>32,110,693</u>	<u>958,618</u>	<u>59,404,535</u>
Capital Assets:				
Land & Nondepreciable Assets	286,633	-	-	286,633
Depreciable Buildings, Property, Equipment and Infrastructure, Net	10,941,323	-	-	10,941,323
Total Assets	<u>37,563,180</u>	<u>32,110,693</u>	<u>958,618</u>	<u>70,632,491</u>
<b>Liabilities:</b>				
Current Liabilities				
Wages Payable	-	2,761,453	-	2,761,453
Accounts Payable and Accrued Liabilities	518,251	179,255	20,672	718,178
Refundable Deposits	20,513	-	-	20,513
Claims and Judgments Payable - Due Within One Year	-	2,104,886	616,013	2,720,899
Compensated Absences Payable - Due Within One Year	-	7,079,837	-	7,079,837
Total Current Liabilities	<u>538,764</u>	<u>12,125,431</u>	<u>636,685</u>	<u>13,300,880</u>
Noncurrent Liabilities				
Advances from Other Funds	3,394,960	-	-	3,394,960
Claims and Judgments Payable- Due in More than One Year	-	8,794,114	683,987	9,478,101
Compensated Absences Payable - Due in More than One Year	-	522,046	-	522,046
Total Noncurrent Liabilities	<u>3,394,960</u>	<u>9,316,160</u>	<u>683,987</u>	<u>13,395,107</u>
Total Liabilities	<u>3,933,724</u>	<u>21,441,591</u>	<u>1,320,672</u>	<u>26,695,987</u>
<b>Net Assets:</b>				
Invested in Capital Assets, Net of Related Debt	10,941,323	-	-	10,941,323
Unrestricted	22,688,133	10,669,102	(362,054)	32,995,181
Total Net Assets	<u>\$ 33,629,456</u>	<u>\$ 10,669,102</u>	<u>\$ (362,054)</u>	<u>\$ 43,936,504</u>

**CITY OF SUNNYVALE**

**Combining Statement of Revenues, Expenses and Changes in Net Assets  
All Internal Service Funds  
Year Ended June 30, 2005**

	<u>General Services</u>	<u>Employee Benefits</u>	<u>Risk Management</u>	<u>Totals</u>
<b>Operating Revenues:</b>				
Charges for Services	\$ 14,937,397	\$ 45,731,278	\$ 710,293	\$ 61,378,968
<b>Total Operating Revenues</b>	<u>14,937,397</u>	<u>45,731,278</u>	<u>710,293</u>	<u>61,378,968</u>
<b>Operating Expenses:</b>				
Personnel Services	6,801,860	15,661,993	191,185	22,655,038
Contractual	2,045,504	122,488	219,667	2,387,659
Material and Supplies	1,944,858	14,209	1,791	1,960,858
Utilities	1,648,129	-	-	1,648,129
Taxes and Licenses	8,733	-	-	8,733
Equipment and Building Rental	1,026,047	52,989	27,055	1,106,091
Depreciation	2,000,725	-	-	2,000,725
Insurance Premiums and Claims	-	12,744,740	1,178,332	13,923,072
Retirement Premiums	-	18,565,240	-	18,565,240
<b>Total Operating Expenses</b>	<u>15,475,856</u>	<u>47,161,659</u>	<u>1,618,030</u>	<u>64,255,545</u>
<b>Operating Income (Loss)</b>	(538,459)	(1,430,381)	(907,737)	(2,876,577)
<b>Nonoperating Revenues (Expenses):</b>				
Investment Earnings	536,711	648,192	16,705	1,201,608
Interest Expense	(222,099)	-	-	(222,099)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>314,612</u>	<u>648,192</u>	<u>16,705</u>	<u>979,509</u>
<b>Income (loss) before Transfers</b>	(223,847)	(782,189)	(891,032)	(1,897,068)
Transfers In	2,024,055	1,278,662	-	3,302,717
Transfers Out	(4,384,790)	-	(3,732)	(4,388,522)
<b>Change in Net Assets</b>	(2,584,582)	496,473	(894,764)	(2,982,873)
<b>Net Assets - Beginning of Year</b>	<u>36,214,038</u>	<u>10,172,629</u>	<u>532,710</u>	<u>46,919,377</u>
<b>Net Assets - End of Year</b>	<u>\$ 33,629,456</u>	<u>\$ 10,669,102</u>	<u>\$ (362,054)</u>	<u>\$ 43,936,504</u>

**CITY OF SUNNYVALE****Combining Statement of Cash Flows  
All Internal Service Funds  
Year Ended June 30, 2005**

	<b>General Services</b>	<b>Employee Benefits</b>	<b>Risk Management</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$ 14,926,380	\$ 45,734,975	\$ 710,293	\$ 61,371,648
Cash Payments to Suppliers of Goods and Services	(6,735,886)	(998,394)	(252,459)	(7,986,739)
Cash Payments to Employees for Services	(6,854,429)	(30,088,300)	(191,141)	(37,133,870)
Insurance and Claims Paid	-	(15,893,936)	(832,998)	(16,726,934)
Other Receipts (Payments)	45,928	10,548	-	56,476
Net Cash Provided by (Used for) Operating Activities	1,381,993	(1,235,107)	(566,305)	(419,419)
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers Received	2,024,055	1,293,067	-	3,317,122
Transfers Paid	(4,384,790)	(14,405)	(3,732)	(4,402,927)
Net Cash Provided by (Used for) Noncapital Financing Activities	(2,360,735)	1,278,662	(3,732)	(1,085,805)
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and Construction of Capital Assets	(1,012,894)	-	-	(1,012,894)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(1,012,894)	-	-	(1,012,894)
<b>Cash Flows from Investing Activities:</b>				
Interest on Investments	863,883	1,022,662	34,423	1,920,968
Change in the Fair Value of Investments	(282,394)	(341,564)	(10,257)	(634,215)
Net Cash Provided by Investing Activities	581,489	681,098	24,166	1,286,753
Net Increase (Decrease) in Cash and Cash Equivalents	(1,410,147)	724,653	(545,871)	(1,231,365)
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>27,438,262</b>	<b>31,095,692</b>	<b>1,496,939</b>	<b>60,030,893</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 26,028,115</b>	<b>\$ 31,820,345</b>	<b>\$ 951,068</b>	<b>\$ 58,799,528</b>

**CITY OF SUNNYVALE****Combining Statement of Cash Flows  
All Internal Service Funds  
Year Ended June 30, 2005**

	<u>General Services</u>	<u>Employee Benefits</u>	<u>Risk Management</u>	<u>Totals</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</b>				
Operating Income (Loss)	(538,459)	(1,430,381)	(907,737)	(2,876,577)
Adjustment to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation	\$ 2,000,725	\$ -	\$ -	2,000,725
Changes in Assets and Liabilities:				
Receivables, Net	23,811	67,570	-	91,381
Inventories and Prepayments	(38,071)	-	-	(38,071)
Accounts Payable and Accrued Liabilities	(66,013)	250,804	432	185,223
Claims and Judgments Payable		(469,000)	341,000	(128,000)
Compensated Absences Payable	-	345,900	-	345,900
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 1,381,993</u>	<u>\$ (1,235,107)</u>	<u>\$ (566,305)</u>	<u>\$ (419,419)</u>
<b>Noncash Investing, Capital and Financing Activities:</b>				
Purchase of Capital Assets on Account	165,378	-	-	165,378



## *Fiduciary Fund Financial Statements*

### *Agency Funds:*

The *Community Facilities District Agency Fund* accounts for the collection of property taxes and the payments to bondholders of Community Facilities District Special Tax Bonds.

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**CITY OF SUNNYVALE**

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**Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds  
Year Ended June 30, 2005**

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**Community Facilities District**

	<b>Beginning Balance July 1, 2004</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2005</b>
<b>Assets:</b>				
Cash and Investments	\$ 2,083,178	\$ 2,320,418	\$ (2,926,975)	\$ 1,476,621
Cash and Investments Held by Fiscal Agent	1,748,188	1,998,205	(1,998,250)	1,748,143
Receivables	7,761	54,088	(7,761)	54,088
<b>Total Assets</b>	<b>\$ 3,839,127</b>	<b>\$ 4,372,711</b>	<b>\$ (4,932,986)</b>	<b>\$ 3,278,852</b>
<b>Liabilities:</b>				
Short-term Agency Payables	\$ 781,384	\$ 54,088	\$ -	\$ 835,472
Due to Bondholders	3,057,743	2,467,232	(3,081,595)	2,443,380
<b>Total Liabilities</b>	<b>\$ 3,839,127</b>	<b>\$ 2,521,320</b>	<b>\$ (3,081,595)</b>	<b>\$ 3,278,852</b>

*Capital Assets Used in the Operation of Governmental Funds*



**CITY OF SUNNYVALE****Capital Assets Used in the Operation of Governmental Funds  
Comparative Schedules by Source  
June 30, 2005 and 2004**

	<u>2005</u>	<u>2004</u>
<b>Governmental Funds Capital Assets:</b>		
Land	\$ 104,032,562	\$ 104,032,562
Buildings	88,233,657	86,808,887
Improvements Other Than Buildings	61,253,433	63,781,231
Machinery and Equipment	3,172,010	3,131,966
Construction In Progress	1,504,811	2,662,402
Infrastructure:		
Nondepreciable	157,813,883	157,685,883
Depreciable	72,036,652	71,499,207
<b>Total Governmental Funds Capital Assets</b>	<u><u>\$ 488,047,008</u></u>	<u><u>\$ 489,602,138</u></u>
 <b>Investment In Governmental Funds Capital Assets by Source:</b>		
General Fund	\$ 323,315,712	\$ 322,919,535
Special Revenue Funds	56,955,556	56,949,812
Capital Projects Funds	66,342,456	68,439,007
Contributions From Developers and Donations	41,433,284	41,293,784
<b>Total Investment In Governmental Funds Capital Assets</b>	<u><u>\$ 488,047,008</u></u>	<u><u>\$ 489,602,138</u></u>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

**CITY OF SUNNYVALE****Capital Assets Used in the Operation of Governmental Funds  
Schedule by Function and Activity  
Year Ended June 30, 2005**

<b>Function and Activity</b>	<b>Land</b>	<b>Buildings</b>	<b>Improvements Other Than Buildings</b>	<b>Machinery and Equipment</b>
Planning and Management	\$ 20,681,843	\$ 13,939,087	\$ 2,040,676	\$ 469,731
Public Safety	1,252,625	2,248,093	4,690,634	578,391
Community Development	40,003,733	24,755,699	31,107,059	82,914
Transportation	18,283,828	6,598,462	3,474,566	185,431
Socioeconomic	-	1,944,176	7,576,079	277,228
Cultural	6,352,073	36,540,634	6,480,372	385,602
Environmental Management	17,458,460	2,207,506	5,884,047	1,192,713
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 104,032,562</b>	<b>\$ 88,233,657</b>	<b>\$ 61,253,433</b>	<b>\$ 3,172,010</b>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.



<b>Construction in Progress</b>	<b>Infrastructure</b>		<b>Total</b>
	<b>Nondepreciable</b>	<b>Depreciable</b>	
\$ 90,094	\$ -	\$ -	\$ 37,221,431
16,067	-	-	8,785,810
-	-	-	95,949,405
1,398,650	157,813,883	72,036,652	259,791,472
-	-	-	9,797,483
-	-	-	49,758,681
-	-	-	26,742,726
<u>\$ 1,504,811</u>	<u>\$ 157,813,883</u>	<u>\$ 72,036,652</u>	<u>\$ 488,047,008</u>

**CITY OF SUNNYVALE****Capital Assets Used in the Operation of Governmental Funds  
Schedule of Changes by Function and Activity  
Year Ended June 30, 2005**

<b>Function and Activity</b>	<b>Governmental Funds Capital Assets</b>	<b>Additions</b>	<b>Deletions</b>	<b>Reclassifications</b>	<b>Governmental Funds Capital Assets</b>
	<b>July 1, 2005</b>				<b>June 30, 2005</b>
Planning and Management	\$ 37,530,994	\$ 790,866	\$ (1,228,429)	\$ 128,000	\$ 37,221,431
Public Safety	8,749,073	62,509	(25,772)	-	8,785,810
Community Development	88,003,734	1,400,671	(445,599)	6,990,599	95,949,405
Transportation	265,890,435	1,335,934	(556,588)	(6,878,309)	259,791,472
Socioeconomic	9,740,430	221,342		(164,289)	9,797,483
Cultural	49,558,736	1,002,503	(726,557)	(76,001)	49,758,681
Environmental Management	30,128,736	-	(3,386,010)	-	26,742,726
<b>Total Governmental Funds Capital Assets</b>	<b>\$ 489,602,138</b>	<b>\$ 4,813,825</b>	<b>\$ (6,368,955)</b>	<b>\$ -</b>	<b>\$ 488,047,008</b>

This schedule presents only the capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the statement of net assets.

## *Statistical Section*

This portion of the City of Sunnyvale's comprehensive annual financial report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial activities and performance.

<b>Contents</b>	<b>Page</b>
<b><i>Financial Trends</i></b> These schedules contain trend information to help the reader understand how the City's financial performance and well being have changed over time.	165-172
<b><i>Revenue Capacity</i></b> These schedules present information to assist the reader in assessing the City's most significant local revenue source, the property tax.	173-176
<b><i>Debt Capacity</i></b> These schedules presents information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	177-180
<b><i>Demographic and Economic Information</i></b> These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	181
<b><i>Operating Information</i></b> These schedules contain service and infrastructure data to assist the reader in understanding how the information in the City's financial report relates to the services the City provides and the activities it performs.	182-184



**CITY OF SUNNYVALE****Net Assets by Component  
Last Five Fiscal Years  
(accrual basis of accounting)  
(dollars in thousands)**

	Fiscal Year				
	2005	2004	2003	2002	2001
<b>Governmental Activities</b>					
Invested in Capital Assets, Net of Related Debt	\$ 346,600	\$ 361,517	\$ 348,404	\$ 327,436	\$ 309,760
Restricted	60,360	58,670	69,542	87,661	88,664
Unrestricted	179,885	183,508	191,280	182,990	175,238
<b>Total Governmental Activities Net Assets</b>	<b>\$ 586,845</b>	<b>\$ 603,695</b>	<b>\$ 609,226</b> <sup>1</sup>	<b>\$ 598,087</b>	<b>\$ 573,662</b>
<b>Business-type activities</b>					
Invested in Capital Assets, Net of Related Debt	\$ 58,850	\$ 49,830	\$ 50,614	\$ 52,309	\$ 67,040
Restricted	15,039	15,244	17,380	15,205	3,653
Unrestricted	(11,891)	(17,172)	(15,062)	(14,971)	(9,407)
<b>Total Business-Type Activities Net assets</b>	<b>\$ 61,998</b>	<b>\$ 47,902</b>	<b>\$ 52,932</b>	<b>\$ 52,543</b>	<b>\$ 61,286</b>
<b>Primary Government</b>					
Invested in Capital Assets, Net of Related Debt	\$ 405,450	\$ 411,347	\$ 399,018	\$ 379,745	\$ 376,800
Restricted	75,399	73,914	86,922	102,866	92,317
Unrestricted	167,994	166,336	176,218	168,019	165,831
<b>Total Primary Government Net Assets</b>	<b>\$ 648,843</b>	<b>\$ 651,597</b>	<b>\$ 662,158</b>	<b>\$ 650,630</b>	<b>\$ 634,948</b>

**Notes:** 1 Starting fiscal year 2003, Patent Library Fund was reclassified from Proprietary Fund to Governmental Fund .

**CITY OF SUNNYVALE**

**Changes in Net Assets  
Last Five Fiscal Years  
(accrual basis of accounting)  
(dollars in thousands)**

	Fiscal Year				
	2005	2004	2003	2002	2001
<b>Expenses:</b>					
<b>Governmental Activities:</b>					
Planning and Management	\$ 15,247	\$ 14,053	\$ 15,004	\$ 13,525	\$ 12,106
Public Safety	58,718	55,360	54,004	46,523	43,647
Community Development	22,655	18,815	21,068	19,915	22,641
Transportation	8,841	13,492	11,820	13,599	12,501
Socioeconomic	12,909	13,857	14,803	13,049	10,500
Cultural	8,715	8,438	8,812	9,160	7,578
Environmental Management	2,077	2,346	1,684	2,463	4,315
Interest on Long-term Debt	1,624	1,479	1,743	2,253	3,775
<b>Total Governmental Activities</b>	<b>130,786</b>	<b>127,840</b>	<b>128,938</b>	<b>120,487</b>	<b>117,063</b>
<b>Business-Type Activities:</b>					
Water Supply and Distribution	17,751	17,232	16,144	15,106	15,151
Wastewater Management	16,387	14,971	15,007	15,472	14,753
Solid Waste Management	27,340	27,610	26,567	26,641	25,869
SMaRT Station	18,094	18,327	18,408	19,566	23,811
Community Recreation	9,676	9,428	9,472	9,008	8,497
Patent Library	-	-	-	669	924
Information Technology	-	-	13	5	11
<b>Total Business-Type Activities</b>	<b>89,248</b>	<b>87,568</b>	<b>85,611</b>	<b>86,467</b>	<b>89,016</b>
<b>Total Primary Government Expenses</b>	<b>\$ 220,034</b>	<b>\$ 215,408</b>	<b>\$ 214,549</b>	<b>\$ 206,954</b>	<b>\$ 206,079</b>
<b>Program Revenues:</b>					
<b>Governmental Activities:</b>					
Charges for Services					
Planning and Management	\$ 1,171	\$ 303	\$ 162	\$ 101	\$ 105
Public Safety	2,556	2,191	2,106	2,259	1,645
Community Development	10,054	9,175	7,233	9,463	10,892
Transportation	2,861	611	338	621	1,763
Socioeconomic	574	548	601	598	1,203
Cultural	600	501	471	168	211
Environmental Management	34	200	31	659	257
Operating Grants and Contributions	18,289	17,716	20,542	19,541	19,076
Capital Grants and Contributions	1,464	5,211	9,589	6,722	8,451
<b>Total Governmental Activities Program Revenues</b>	<b>37,603</b>	<b>36,456</b>	<b>41,073</b>	<b>40,132</b>	<b>43,603</b>

**Business-Type Activities:**

Charges for Services					
Water Supply and Distribution	19,263	19,365	18,525	16,854	16,693
Wastewater Management	17,579	16,428	16,159	14,544	14,591
Solid Waste Management	29,289	27,219	28,527	26,396	28,499
SMaRT Station	17,431	17,494	17,901	18,616	22,693
Community Recreation	7,373	7,537	7,567	7,974	7,827
Patent Library	-	-	-	355	495
Information Technology	-	-	16	9	-
Operating Grants and Contributions	-	-	-	-	-
Capital Grants and Contributions	118	290	1,423	200	353
<b>Total Business-Type Activities Program Revenues</b>	<u>91,053</u>	<u>88,333</u>	<u>90,118</u>	<u>84,948</u>	<u>91,151</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 128,656</u>	<u>\$ 124,789</u>	<u>\$ 131,191</u>	<u>\$ 125,080</u>	<u>\$ 134,754</u>

**Net (Expense)/Revenue**

Governmental Activities	\$ (93,183)	\$ (91,384)	\$ (87,865)	\$ (80,355)	\$ (73,460)
Business-Type Activities	<u>1,805</u>	<u>765</u>	<u>4,507</u>	<u>(1,519)</u>	<u>2,135</u>
<b>Total Primary Government Net Expense</b>	<u>\$ (91,378)</u>	<u>\$ (90,619)</u>	<u>\$ (83,358)</u>	<u>\$ (81,874)</u>	<u>\$ (71,325)</u>

**General Revenues and Other Changes in Net Assets****Governmental Activities:**

Taxes					
Property Taxes	\$ 33,105	\$ 27,588	\$ 26,858	\$ 25,824	\$ 23,069
Sales and Use Taxes	24,917	23,452	25,753	25,787	36,303
Motor Vehicle License	3,650	5,970	7,926	7,393	6,970
Franchise	5,395	5,521	5,226	5,494	4,690
Other Taxes	13,402	12,502	12,571	14,314	20,503
Unrestricted Grants and Contributions	-	821	678	144	1,814
Investment Earnings	6,587	3,829	13,710	16,511	14,851
Gain (Loss) on Disposal of Assets	-	(55)	33	122	5,282
Miscellaneous	349	(7)	406	(237)	261
Transfers	(11,072)	6,232	5,843	9,259	6,718
<b>Total Governmental Activities</b>	<u>76,333</u>	<u>85,853</u>	<u>99,004</u>	<u>104,611</u>	<u>120,461</u>
<b>Business-type activities</b>					
Investment Earnings	1,219	395	1,689	2,204	2,568
Gain (Loss) on Disposal of Assets	-	42	31	-	-
Miscellaneous	-	-	4	-	107
Transfers	11,072	(6,232)	(5,842)	(9,259)	(6,718)
<b>Total Business-Type Activities</b>	<u>12,291</u>	<u>(5,795)</u>	<u>(4,118)</u>	<u>(7,055)</u>	<u>(4,043)</u>
<b>Total Primary Government</b>	<u>\$ 88,624</u>	<u>\$ 80,058</u>	<u>\$ 94,886</u>	<u>\$ 97,556</u>	<u>\$ 116,418</u>

**Change in Net Assets**

Governmental Activities	\$ (16,850)	\$ (5,531)	\$ 11,139	\$ 24,256	\$ 47,001
Business-Type Activities	<u>14,096</u>	<u>(5,030)</u>	<u>389</u>	<u>(8,574)</u>	<u>(1,908)</u>
<b>Total Primary Government</b>	<u>\$ (2,754)</u>	<u>\$ (10,561)</u>	<u>\$ 11,528</u>	<u>\$ 15,682</u>	<u>\$ 45,093</u>



**CITY OF SUNNYVALE**

**Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(dollars in thousands)**

	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>General Fund</b>										
Reserved	\$ 37,074	\$ 45,677	\$ 47,139	\$ 44,908	\$ 45,182	\$ 43,004	\$ 30,275	\$ 30,184	\$ 26,631	\$ 28,454
Unreserved	72,842	68,959	76,541	90,361	85,345	64,752	58,890	49,342	45,869	45,256
Total General Fund	<u>\$ 109,916</u>	<u>\$ 114,636</u>	<u>\$ 123,680</u>	<u>\$ 135,269</u>	<u>\$ 130,527</u>	<u>\$ 107,756</u>	<u>\$ 89,165</u>	<u>\$ 79,526</u>	<u>\$ 72,500</u>	<u>\$ 73,710</u>
<b>All Other Governmental Funds</b>										
Reserved	\$ 22,098	\$ 18,050	\$ 15,573	\$ 29,307	\$ 30,381	\$ 40,795	\$ 11,479	\$ 10,138	\$ 9,894	\$ 8,357
Unreserved reported in:										
Special Revenue Funds	5,888	10,038	13,610 <sup>2</sup>	2,975	10,851	6,246 <sup>1</sup>	7,896	7,553	5,071	2,567
Debt Service Funds	(51,180)	(48,708)	(45,889)	(42,496)	(36,697)	(34,706)	(30,461)	-	-	-
Capital Projects Funds	27,926	34,754	40,757	51,060	39,187	17,497	12,530	48	137	-
Permanent Funds	-	-	(52)	13	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 4,732</u>	<u>\$ 14,134</u>	<u>\$ 23,999</u>	<u>\$ 40,859</u>	<u>\$ 43,722</u>	<u>\$ 29,832</u>	<u>\$ 1,444</u>	<u>\$ 17,739</u>	<u>\$ 15,102</u>	<u>\$ 10,924</u>

**Notes:** 1 Starting fiscal year 2000, Swirsky Youth Opportunity Fund was reclassified from Fiduciary Fund to Governmental Fund.

2 Starting fiscal year 2003, Patent Library Fund was reclassified from Proprietary Fund to Governmental Fund .

**CITY OF SUNNYVALE**

**Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(dollars in thousands)**

	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Revenues</b>										
Property Taxes	\$ 32,895	\$ 27,367	\$ 26,632	\$ 25,595	\$ 22,836	\$ 21,098	\$ 19,583	\$ 17,424	\$ 16,511	\$ 16,488
Sales and Use Taxes	26,070	24,599	27,015	27,270	37,620	31,253	26,242	27,855	26,689	25,450
Other Taxes	13,397	12,498	12,268	14,013	20,156	16,854	13,929	13,598	11,994	10,360
Franchise Fees	5,395	5,521	5,226	5,494	4,918	4,452	4,271	4,227	4,009	3,974
Intergovernmental Revenues	22,342	27,459	36,500	31,409	24,765	29,282	23,661	21,174	22,497	22,277
Permits and Licenses	4,996	4,252	3,133	4,392	6,415	5,379	3,140	2,555	2,691	2,281
Fines and Forfeitures	944	774	782	1,647	804	1,332	780	426	433	570
Special Assessments	71	136	300	297	718	297	313	290	301	160
Service Fees	7,713	5,495	3,123	3,493	5,088	4,010	2,298	1,569	1,460	1,522
Rents and Concessions	1,538	1,518	1,758	2,585	2,064	1,442	2,571	2,175	2,469	2,010
Investment Earnings	2,858	971	7,865	12,058	13,916	4,698	2,899	4,763	4,788	4,010
Other Revenues	2,991	1,584	3,339	2,660	11,112	1,110	1,232	1,947	551	899
<b>Total Revenues</b>	<b>121,210</b>	<b>112,174</b>	<b>127,941</b>	<b>130,913</b>	<b>150,412</b>	<b>121,207</b>	<b>100,919</b>	<b>98,003</b>	<b>94,393</b>	<b>90,001</b>
<b>Expenditures</b>										
Planning and Management	13,860	13,096	14,200	11,810	10,177	10,960	9,354	8,941	8,579	8,404
Public Safety	57,709	53,847	52,764	44,514	41,212	40,491	38,952	36,592	33,778	32,415
Community Development	20,093	16,928	19,521	18,150	18,906	20,577	18,147	17,048	15,587	19,120
Transportation	6,475	7,694	9,402	8,929	7,344	9,042	8,200	7,131	10,385	8,864
Socioeconomic	12,774	13,406	14,430	12,592	10,197	13,792	13,715	10,143	11,550	11,815
Cultural	7,331	7,056	7,541	6,398	5,962	5,409	7,427	5,211	4,958	4,759
Environmental Management	1,026	1,622	1,304	1,581	733	1,062	1,502	1,542	4,759	1,438
Capital Outlay	3,447	14,379	25,883	25,633	31,419	3,929	970	973	3,255	-
Debt Service:										
Principal Retirement	1,700	1,675	1,595	1,535	13,558	1,065	885	2,813	1,790	620
Interest	5,414	5,097	5,074	4,962	6,113	4,109	1,648	1,841	4,455	1,918
Fiscal Charges	67	677	110	62	474	466	15	501	57	14
<b>Total Expenditures</b>	<b>129,896</b>	<b>135,477</b>	<b>151,824</b>	<b>136,166</b>	<b>146,095</b>	<b>110,902</b>	<b>100,815</b>	<b>92,736</b>	<b>99,153</b>	<b>89,367</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(8,686)</b>	<b>(23,303)</b>	<b>(23,883)</b>	<b>(5,253)</b>	<b>4,317</b>	<b>10,305</b>	<b>104</b>	<b>5,267</b>	<b>(4,760)</b>	<b>634</b>

**Other Financing Sources (Uses):**

Transfers In	17,307	20,376	23,880	24,180	42,717	21,679	31,195	12,699	26,381	8,870
Transfers Out	(22,743)	(16,628)	(29,113)	(17,048)	(38,117)	(13,712)	(37,955)	(11,966)	(18,653)	(4,980)
Proceeds from Refunding Bonds	-	7,960	-	-	-	-	-	20,500	-	-
Proceeds from Issuing Bonds	-	-	-	-	18,710	25,000	-	-	-	-
Issuance Discount on Refunding Bonds	-	(69)	-	-	-	-	-	-	-	-
Payment to Refunded Bonds Escrow Agent	-	(7,245)	-	-	-	-	-	(16,837)	-	-
Proceeds from Sale of Capital Assets	-	-	498	-	9,034	3,805	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(5,436)</b>	<b>4,394</b>	<b>(4,735)</b>	<b>7,132</b>	<b>32,344</b>	<b>36,772</b>	<b>(6,760)</b>	<b>4,396</b>	<b>7,728</b>	<b>3,890</b>
<b>Net Change in Fund Balances</b>	<b>\$ (14,122)</b>	<b>\$ (18,909)</b>	<b>\$ (28,618)</b>	<b>\$ 1,879</b>	<b>\$ 36,661</b>	<b>\$ 47,077</b>	<b>\$ (6,656)</b>	<b>\$ 9,663</b>	<b>\$ 2,968</b>	<b>\$ 4,524</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	<b>6.0%</b>	<b>6.0%</b>	<b>5.6%</b>	<b>6.2%</b>	<b>20.8%</b>	<b>5.1%</b>	<b>2.6%</b>	<b>5.4%</b>	<b>7.0%</b>	<b>2.9%</b>

**CITY OF SUNNYVALE**

**General Governmental Tax Revenues by Source**  
**Last Ten Fiscal Years**  
**(modified basis of accounting)**  
**(dollars in thousands)**

	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Property	\$ 32,895	\$ 27,367	\$ 26,632	\$ 25,595	\$ 22,836	\$ 21,098	\$ 19,583	\$ 17,424	\$ 16,511	\$ 16,488
Sales and Use	26,070	24,599	27,015	27,270	37,620	31,253	26,242	27,855	26,689	25,450
Transient Occupancy	5,074	4,752	5,095	6,320	10,735	9,775	7,566	7,273	6,092	5,011
Utility Users	5,833	5,877	5,652	5,688	5,859	4,395	4,139	4,393	4,009	3,855
Business Licenses	215	244	269	250	287	263	266	271	280	275
Real Property Transfer	1,352	765	580	534	856	641	742	672	540	455
Other Construction	923	860	672	1,221	2,419	1,780	1,216	989	1,073	764
Franchise	5,395	5,521	5,226	5,494	4,690	4,452	4,271	4,227	4,009	3,974
Special Assessment	71	136	300	297	718	297	313	290	301	160
Total	<u>\$ 77,828</u>	<u>\$ 70,121</u>	<u>\$ 71,441</u>	<u>\$ 72,669</u>	<u>\$ 86,020</u>	<u>\$ 73,954</u>	<u>\$ 64,338</u>	<u>\$ 63,394</u>	<u>\$ 59,504</u>	<u>\$ 56,432</u>

**CITY OF SUNNYVALE**

**Assessed Value of Taxable Property  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property<sup>1</sup></b>	<b>Unsecured Property</b>	<b>Total Assessed Value<sup>2</sup></b>	<b>Less: Exemptions</b>	<b>Total Taxable Assessed Value</b>
1996	\$ 5,270,279,137	\$ 927,292,309	\$ 3,009,900,117	\$ 207,284,699	\$ 1,336,064,900	\$ 10,750,821,162	\$ 62,607,724	10,688,213,438
1997	5,498,837,630	887,693,638	2,886,464,481	294,911,219	1,381,854,104	10,949,761,072	69,631,549	10,880,129,523
1998	5,875,141,985	946,237,629	2,924,735,302	212,696,046	1,610,083,612	11,568,894,574	81,634,275	11,487,260,299
1999	6,407,953,086	1,065,425,005	3,418,662,398	252,527,729	2,191,466,165	13,336,034,383	80,242,259	13,255,792,124
2000	6,908,364,842	1,146,130,575	3,415,417,568	595,712,119	1,918,246,282	13,983,871,386	83,009,774	13,900,861,612
2001	7,458,380,111	1,264,733,239	3,737,520,807	533,742,584	1,939,609,113	14,933,985,854	89,166,475	14,844,819,379
2002	8,209,857,729	1,484,441,624	4,301,444,243	572,760,665	2,535,111,340	17,103,615,601	117,271,451	16,986,344,150
2003	8,718,777,077	1,580,029,083	4,267,941,289	565,472,712	2,986,380,377	18,118,600,538	124,172,255	17,994,428,283
2004	9,337,009,241	1,779,321,058	4,345,984,376	424,172,231	2,647,745,844	18,534,232,750	126,967,347	18,407,265,403
2005	9,829,408,454	1,689,619,669	3,978,983,532	502,956,838	2,096,290,114	18,097,258,607	176,856,725	17,920,401,882

**Source:** County of Santa Clara Assessor's Office

**Notes:** 1 Other property includes government, institution, irrigated and vacant lands, State Board of Equalization (SBE) nonunitary utilities, and miscellaneous and unclassified properties.

2 Assessed value is calculated at 100 per cent of market value as defined by California State Constitution Article XIII A and increases each year by no more than two per cent unless there is new construction or change in ownership on the property.

See notes in the Schedule of Property Tax Rates on page 174 for information on direct tax rate.

**CITY OF SUNNYVALE**

**Property Tax Rates  
Last Ten Fiscal Years**

	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Direct Rates <sup>1</sup></b>										
<b>County</b>	1.03880	1.03880	1.03880	1.03640	1.03560	1.03190	1.03880	1.03880	1.03410	1.03380
<b>Special District</b>										
Santa Clara Valley Water District	0.00920	0.00870	0.00720	0.00620	0.00750	0.00850	0.00820	0.00980	0.01020	0.00980
<b>Overlapping Rates <sup>2</sup></b>										
<b>School Districts <sup>3</sup></b>					0.05350	0.03840	0.03920	0.01400	0.01420	0.02610
Sunnyvale School District	0.01880	0.01570	0.01580	0.01640	-	-	-	-	-	-
Cupertino Elementary	0.03600	0.03570	0.03290	0.04570	-	-	-	-	-	-
Los Altos Elementary	0.04870	0.04830	0.03980	0.04370	-	-	-	-	-	-
Mountain View Elementary	0.04230	0.03880	0.03700	0.02950	-	-	-	-	-	-
Fremont High	0.02680	0.02490	0.02460	0.02040	-	-	-	-	-	-
Mountain View-Los Altos High	0.01930	0.01830	0.01880	0.01750	-	-	-	-	-	-
Santa Clara Unified	0.03440	0.02630	0.02520	0.03660	-	-	-	-	-	-
Foothills-De Anza College	0.01290	0.01100	0.01080	0.01150	-	-	-	-	-	-
<b>Special District</b>										
Parking District	- <sup>4</sup>	- <sup>4</sup>	0.05216	0.05400	0.05200	0.05900	0.06190	0.25320	0.36750	0.36750

**Source:** County of Santa Clara Assessor's Office

**Note 1** California State Constitution Article XIII A limits the property tax rate on any given property not to exceed one per cent of its assessed value unless an additional amount has been approved by votes. The County of Santa Clara assesses properties and collects property taxes for the City. The California Legislature determines the method of distribution of receipts from the one per cent tax levy among the counties, cities, school and other districts.

**2** Overlapping rates are those of local and county governments that apply to property owners within the City of Sunnyvale. Not all overlapping rates apply to all Sunnyvale property owners. Although the county and water district property tax rates apply to all City property owners, the school and parking district rates apply only to those City property owners whose property is located within that district geographic boundaries.

**3** Information required by GASB Statement 44 differs from information reported for fiscal years 1996 through 2001. Property tax rates of school districts for fiscal years 1996 through 2001 were not available. Tax rates reported for 1996 through 2001 were those that apply to the tax area with the highest assessed valuation within the City of Sunnyvale.

**4** Parking district retired its debt on July 1, 2003.

**CITY OF SUNNYVALE**

**Principal Property Tax Payers  
June 30, 2005**

Taxpayer	2005			1996		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Lockheed Martin Corporation	\$ 826,593,048	1	4.57%	\$ 967,774,988	1	10.50%
Applied Materials Inc.	481,567,969	2	2.66%			
M F Downtown Sunnyvale LLC	41,896,694	3	0.23%			
Sunnyvale LLC	37,700,017	4	0.21%			
Yahoo Inc	223,780,650	5	1.24%			
FASL LLC	212,306,645	6	1.17%			
Network Appliance Inc.	191,046,301	7	1.06%			
Bay Apartment Communities Inc.	176,903,138	8	0.98%			
190 Mathilda Place LLC	20,200,521	9	0.11%			
Menlo & Juniper Networks LLC	145,591,859	10	0.80%			
A M D Properties Inc.				330,757,684	2	3.59%
Aetna Life Insurance Company				128,312,759	3	1.39%
Amdahl Corporation				73,185,888	4	0.79%
Essex Bristol Partners Limited				71,524,356	5	0.78%
Signetics				70,208,836	6	0.76%
Reef USA Fund II, Inc.				69,833,647	7	0.76%
Westinghouse Electric Corporation				60,873,716	8	0.66%
Hewlett Packard Company				56,698,695	9	0.62%
Argosystems, Inc.				56,073,083	10	0.61%
<b>Total</b>	<u>\$ 2,357,586,842</u>		<u>13.03%</u>	<u>\$ 1,885,243,652</u>		<u>20.46%</u>

Source: County of Santa Clara Assessor's Office

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**CITY OF SUNNYVALE**

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**Property Tax Levies and Collections  
Last Ten Fiscal Years**

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Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>1</sup>	Total Collections to date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
1996	\$ 15,577,082	\$ 15,736,120	101.0%	\$ 751,811	\$ 16,487,931	105.8%
1997	15,542,680	16,000,733	102.9%	510,040	16,510,773	106.2%
1998	16,307,175	16,828,602	103.2%	594,948	17,423,550	106.8%
1999	19,404,406	18,877,897	97.3%	704,941	19,582,838	100.9%
2000	20,357,281	20,314,902	99.8%	783,000	21,097,902	103.6%
2001	22,239,752	22,028,206	99.0%	807,879	22,836,085	102.7%
2002	23,550,640	22,349,137	94.9%	542,847	22,891,984	97.2%
2003	27,334,218	25,962,607	95.0%	669,322	26,631,929	97.4%
2004	27,561,419	26,755,807	97.1%	611,235	27,367,042	99.3%
2005	27,845,911	24,628,122	88.4%	734,809	25,362,931	91.1%

**Sources:** City of Sunnyvale  
County of Santa Clara Assessor's Office

**Notes** 1 Information required by GASB Statement 44 differs from information reported. Collections in subsequent years represent total delinquent amounts received during the fiscal year, regardless of the fiscal year of the tax levy. Data for delinquent tax collections by levy year is not available from the Santa Clara County Assessor's Office.

**CITY OF SUNNYVALE**

**Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years  
(dollars in thousands except Per Capita)**

	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Governmental Activities:</b>										
Parking District Bonds	\$ -	\$ -	\$ 75	\$ 145	\$ 215	\$ 280	\$ 345	\$ 405	\$ 465	\$ 525
Special Assessment Bonds	-	280	540	780	1,005	1,215	1,415	1,600	1,775	1,935
Tax Allocation Bonds	7,666	7,894	7,440	7,625	7,800	7,965	8,120	8,265	8,405	8,540
Parking Lease Revenue Bonds	-	-	-	-	-	-	-	-	16,055	16,305
Certificates of Participation	33,585	34,775	35,920	37,020	38,085	20,050	20,695	21,190	1,855	1,975
Promissory Note	-	-	-	-	-	-	-	-	600	600
<b>Business-Type Activities:</b>										
Water and Wastewater										
Revenue Bonds	28,346	29,563	30,740	31,877	18,970	19,591	20,177	20,732	21,540	22,055
Solid Waste Revenue Bonds	18,371	19,426	20,442	18,296	18,955	19,575	20,165	20,725	22,160	21,759
Golf Revenue Bonds	-	-	-	-	-	-	-	185	360	525
<b>Total Primary Government</b>	<b>\$ 87,968</b>	<b>\$ 91,938</b>	<b>\$ 95,157</b>	<b>\$ 95,743</b>	<b>\$ 85,030</b>	<b>\$ 68,676</b>	<b>\$ 70,917</b>	<b>\$ 73,102</b>	<b>\$ 73,215</b>	<b>\$ 74,219</b>
<b>Percentage of Personal Income <sup>1</sup></b>	0.11%	0.12%	0.12%	0.12%	0.10%	0.08%	0.10%	0.11%	0.12%	0.14%
<b>Per Capita <sup>2</sup></b>	\$ 661	\$ 694	\$ 718	\$ 721	\$ 643	\$ 516	\$ 533	\$ 557	\$ 578	\$ 589

**Notes:** Details regarding the City's outstanding debt can be found in the notes to the financial statements.

1 Personal income data are presented in the Schedule of Demographic and Economic Statistics on page 181. Personal income for fiscal year 2003 was used to calculate percentages for fiscal years 2004 and 2005 since data for fiscal years 2004 and 2005 are not currently available.

2 Population data are presented in the Schedule of Demographic and Economic Statistics on page 181.

**CITY OF SUNNYVALE**

**Direct and Overlapping Governmental Activities Debt  
As of June 30, 2005**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Percentage Applicable</u>	<u>Share of Overlapping Debt</u>
<b>Debt Repaid with Property Taxes: County</b>			
City of Sunnyvale Community Facilities District No. 1 Special Tax Bonds	\$ 19,625,000	100.000 %	\$ 19,625,000
Cupertino Union School District & Certificates of Participation	131,740,055	14.655	19,306,505
Foothill Community College District Certificates of Participation	22,444,999	22.976	5,156,963
Foothill-De Anza Community College District	185,325,100	22.976	42,580,295
Fremont Union High School District	143,400,000	48.197	69,114,498
Midpeninsula Regional Open Space Park District Certificates of Participation	114,350,191	15.445	17,661,387
Mountain View School District & Certificates of Participation	33,465,000	3.680	1,231,512
Mountain View-Los Altos Union High School District & Certificates of Participation	54,260,255	1.331	722,204
Los Altos School District	90,992,035	0.226	205,642
Santa Clara County General Fund Obligations	805,230,005	8.862	71,359,483
Santa Clara County Board of Education Certificates of Participation	17,985,003	8.862	1,593,831
Santa Clara County Flood Control Districts W-1	3,759,998	10.767	404,839
Santa Clara Unified School District Certificates of Participation	127,565,004	13.770	17,565,701
Santa Clara Valley Water District Benefit Assessment District	190,659,998	8.862	16,896,289
Sunnyvale School District	64,724,947	99.230	64,226,565
West Valley-Mission Community College District Certificates of Participation	22,490,006	4.803	1,080,195
<b>Subtotal Overlapping Debt</b>			<u>348,730,909</u>
<b>Direct Debt <sup>1</sup></b>			
City of Sunnyvale Certificates of Participation			19,120,000
City of Sunnyvale Parking Facility Certificates of Participation			<u>14,465,000</u>
<b>Subtotal Direct Debt</b>			<u>33,585,000</u>
<b>Total Direct and Overlapping Debt <sup>2</sup></b>			<u>\$ 382,315,909</u>

**Sources:** California Municipal Statistics, Inc.  
City of Sunnyvale

**Notes:**

<sup>1</sup> Direct debt excludes revenue bonds reported in the enterprise funds and Redevelopment Agency Central Core Tax Allocation Bonds.

<sup>2</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**CITY OF SUNNYVALE**

**Legal Debt Margin Information  
Last Ten Fiscal Years  
(dollars in thousands)**

	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Debt limit	\$ 2,714,589	\$ 2,761,090	\$ 2,699,169	\$ 2,547,946	\$ 2,226,723	\$ 2,085,130	\$ 1,988,281	\$ 1,723,089	\$ 1,631,947	\$ 1,582,597
Total net debt applicable to limit	41,251	42,949	43,975	45,570	47,105	29,510	30,575	31,645	29,515	30,405
Legal debt Margin	<u>\$ 2,673,338</u>	<u>\$ 2,718,141</u>	<u>\$ 2,655,194</u>	<u>\$ 2,502,376</u>	<u>\$ 2,179,618</u>	<u>\$ 2,055,620</u>	<u>\$ 1,957,706</u>	<u>\$ 1,691,444</u>	<u>\$ 1,602,432</u>	<u>\$ 1,552,192</u>
Total net debt applicable to the limit as a percentage of debt limit	<b>1.52%</b>	<b>1.56%</b>	<b>1.63%</b>	<b>1.79%</b>	<b>2.12%</b>	<b>1.42%</b>	<b>1.54%</b>	<b>1.84%</b>	<b>1.81%</b>	<b>1.92%</b>

**Legal Debt Margin Calculation for Fiscal Year 2005**

Assessed value	\$ 17,920,402
Add back: exempt real property	176,857
Total assessed value	<u>\$ 18,097,259</u>
Debt limit (15% of total assessed value)	2,714,589
Debt applicable to limit:	
Total bonded debt	87,968
Less:	
Water and Wastewater Revenue Bonds	(28,346)
Solid Waste Revenue Bonds	<u>(18,371)</u>
Total net debt applicable to limit	<u>41,251</u>
Legal debt margin	<u>\$ 2,673,338</u>

**Note:** Section 1308 of the City Charter of the City of Sunnyvale, California, states: "The bonded indebtedness of the City may not in the aggregate exceed the sum of fifteen (15%) percent of the total assessed valuation of property within the City, exclusive of any indebtedness that has been or may hereafter be incurred for the purposes of acquiring, constructing, extending or maintaining municipally owned utilities, for which purposes a further indebtedness may be incurred by the issuance of bonds, subject only to provisions of the State Constitution and of this Charter."

**CITY OF SUNNYVALE*****Pledged-Revenue Coverage  
Last Ten Fiscal Years  
(dollars in thousands)***

	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Water and Wastewater Revenue Bonds</b>										
Gross Revenues	\$ 37,671	\$ 36,092	\$ 35,800	\$ 32,498	\$ 32,561	\$ 31,242	\$ 27,879	\$ 27,293	\$ 27,378	\$ 25,623
Less: Operating Expenses	28,669	26,984	25,989	25,444	24,576	23,670	21,139	20,163	21,184	18,528
Net Available Revenue	\$ 9,002	\$ 9,108	\$ 9,811	\$ 7,054	\$ 7,985	\$ 7,572	\$ 6,740	\$ 7,130	\$ 6,194	\$ 7,095
Debt Service										
Principal	\$ 1,230	\$ 1,190	\$ 1,150	\$ 670	\$ 635	\$ 600	\$ 570	\$ 540	\$ 515	\$ 495
Interest	1,382	1,423	1,461	1,164	1,200	1,234	1,266	1,297	1,326	1,353
Coverage	3.4	3.5	3.8	3.8	4.4	4.1	3.7	3.9	3.4	3.8
<b>Solid Waste Revenue Bonds</b>										
Gross Revenues	\$ 47,083	\$ 44,909	\$ 48,365	\$ 46,222	\$ 52,428	\$ 50,858	\$ 46,520	\$ 45,855	\$ 34,352	\$ 34,500
Less: Operating Expenses	41,945	42,532	41,931	42,803	45,993	46,260	42,951	42,367	30,816	31,758
Net Available Revenue	\$ 5,138	\$ 2,377	\$ 6,434	\$ 3,419	\$ 6,435	\$ 4,598	\$ 3,569	\$ 3,488	\$ 3,536	\$ 2,742
Debt Service										
Principal	\$ 1,065	\$ 1,025	\$ 745	\$ 705	\$ 665	\$ 635	\$ 605	\$ 575	\$ 550	\$ 525
Interest	882	918	691	1,154	1,192	1,227	1,259	1,288	1,315	1,339
Coverage	2.6	1.2	4.5	1.8	3.5	2.5	1.9	1.9	1.9	1.5

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**CITY OF SUNNYVALE**

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**Demographic and Economic Statistics  
Last Ten Fiscal Years**

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<u>Fiscal Year</u>	<u>Population</u>	<u>Personal Income (in millions)<sup>1</sup></u>	<u>Per Capita Personal Income<sup>1</sup></u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Civilian Labor Force</u>	<u>Unemployment Rate</u>
1996	126,113	54,168.9	33,673	25-29	Not Available	75,706	3.10%
1997	126,764	60,003.6	36,645	25-29	21,848	79,661	2.70%
1998	131,127	64,850.1	39,091	Not Available	22,545	81,320	2.70%
1999	132,940	73,045.8	43,701	Not Available	30,133	81,275	2.80%
2000	133,215	91,386.2	54,188	34	30,453	85,685	1.90%
2001	132,187	83,978.7	49,624	34	30,285	85,801	3.80%
2002	132,825	77,997.9	46,499	33	13,329	80,392	7.50%
2003	132,500	78,165.2	46,640	33	15,365	76,135	7.50%
2004	132,422	Not Available	Not Available	34	14,338	74,289	5.40%
2005	133,086	Not Available	Not Available	34	14,792	71,316	4.80%

**Sources:** State of California, Department of Finance  
U.S. Department of Commerce, Bureau of Economic Analysis  
Cupertino Union School District, Fremont Union High School District, Santa Clara Unified  
School District, and Sunnyvale School District  
U.S. Department of Labor, Bureau of Labor Statistics

**Note:** 1 Santa Clara County

**CITY OF SUNNYVALE**

**Full-time Equivalent City Government Employees by Function  
Last Ten Fiscal Years**

Function/Program	Full-time Equivalent Employees as of June 30									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
Planning and Management	138	145	150	140	133	138	139	146	152	168
Public Safety <sup>1</sup>	309	333	358	337	322	327	333	323	324	310
Community Development	133	131	142	130	127	132	131	130	130	137
Transportation	35	42	46	47	47	46	43	44	46	46
Socioeconomic	102	108	106	74	62	73	73	76	70	78
Cultural	66	67	73	71	71	69	66	73	73	74
Environmental Management	17	14	17	18	20	18	17	8	8	8
Water Supply and Distribution	32	29	32	21	22	26	22	24	25	23
Wastewater Management	71	69	75	68	67	68	63	65	64	62
Solid Waste Management	9	9	9	8	8	9	8	8	8	10
SMaRT Station	2	2	2	1	1	1	1	1	-	-
Community Recreation	87	95	104	44	37	37	36	35	39	56
Total	1,001	1,044	1,114	959	917	944	932	933	939	972

**Source:** City of Sunnyvale, Department of Finance

**Note:** 1 The City's Department of Public Safety is a fully integrated Police/Fire agency. All officers are certified in both disciplines.

**CITY OF SUNNYVALE**

**Operating Indicators by Function  
Last Ten Fiscal Years**

Function	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Public Safety:</b>										
Police										
Emergency Responses	46,114	52,017	48,613	47,645	52,486	62,281	48,512	61,870	70,035	Not Available
Crime Investigations	3,617	4,268	4,268	4,288	3,909	3,899	2,328	2,701	2,518	2,276
Traffic Events and Citations	27,188	20,213	16,114	12,284	26,433	30,997	34,721	37,310	33,081	22,891
Fire										
Emergency Responses	6,643	6,646	7,421	6,662	6,674	6,480	6,621	6,661	2,134	2,292
Fire Safety Inspections	5,489	5,189	6,606	7,314	13,939	7,001	6,529	14,469	8,357	11,879
<b>Transportation:</b>										
Streets Resurfacing (1,000 square feet)	179	156	307	-	-	347	31	356	492	602
Street Preventive Maintenance (1,000 square feet)	5,709	5,767	4,648	7,619	7,436	7,384	6,701	7,996	8,086	7,613
Streetlights Lamps Replaced	930	752	922	901	717	950	1,146	1,232	1,302	1,223
<b>Library:</b>										
Library Visitors	741,535	861,591	877,135	819,664	736,103	735,140	514,081	725,787	722,193	756,421
Library Materials Circulated	1,803,873	2,130,978	1,996,562	1,709,468	1,363,068	1,358,078	1,071,879	1,333,656	1,384,223	1,379,924
Library Materials Turnover Rate (average use)	7.0	7.6	7.0	6.0	6.0	5.1	3.2	4.1	4.5	3.4
<b>Water Supply and Distribution:</b>										
Average Daily Demand (million gallons)	22.3	22.8	21.4	23.2	23.3	22.5	23.4	23.0	22.8	21.6
Peak Daily Use (million gallons)	45.0	46.0	46.0	46.0	46.0	46.0	46.0	46.0	45.0	40.0
Water Main Repairs	24	13	35	31	13	31	24	51	37	28
<b>Wastewater Management:</b>										
Average Daily Sewage Treatment (million gallons)	14.8	14.9	15.3	16.6	16.9	16.6	17.3	17.0	16.4	16.1
<b>Solid Waste Management:</b>										
Refuse collected (tons per day)	271.5	278.6	284.6	298.1	337.7	323.5	309.8	293.6	290.2	302.9
Recyclables collected (tons per day)	73.2	74.2	73.8	70.4	69.1	69.6	66.6	76.4	80.3	75.2
<b>SMaRT Station</b>										
Refuse received (tons per day)	707.7	721.6	733.0	746.4	777.0	781.8	746.9	745.0	721.9	725.4
<b>Community Recreation:</b>										
Recreation Programs Registration	560,508	585,023	511,257	Not Available						
Rental Use of Recreation Facilities (1,000 Participant Hours)	450	482	484	609	554	742	1,173	1,290	1,274	1,170
Plays at Golf Courses	179,000	150,944	182,855	185,255	190,757	191,692	196,422	180,118	184,880	172,044

Source: City of Sunnyvale, various departments

**CITY OF SUNNYVALE**

**Capital Asset Statistics by Function  
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2005	2004	2003	2002	2001	2000	1999	1998	1997	1996
<b>Public Safety</b>										
Police:										
Jail Facilities	1 (6 cells)	1 (8 cells)								
Vehicular Patrol Units	52	52	51	52	52	54	48	41	36	34
Fire Stations	6	6	6	6	6	6	6	6	6	6
<b>Transportation</b>										
Streets (miles)	300	300	300	300	300	300	300	300	300	300
Streetlights	8,919	8,909	8,904	8,867	8,779	8,769	8,764	8,759	8,754	8,749
Traffic Signals	129	129	129	126	126	122	121	119	118	116
<b>Water Supply and Distribution</b>										
Water Mains (miles)	282	282	282	282	282	282	282	282	282	282
Fire Hydrants	3,385	3,385	3,385	3,351	3,351	3,351	3,350	3,349	3,500	3,323
Storage Capacity (million gallons)	28.0	28.0	27.5	27.5	27.5	27.5	27.5	27.5	27.5	27.5
<b>Wastewater Management</b>										
Sanitary Sewer (miles)	283	283	283	283	283	283	283	283	290	290
Treatment Plant Capacity (million gallons)	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5
<b>SMaRT Station</b>										
Refuse transfer and recovery station capacity (ton per day)	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>Community Recreation</b>										
Park Acreage	322	322	322	322	322	322	321	321	321	321
Parks	22	22	22	18	18	18	18	18	18	18
Golf Courses	2	2	2	2	2	2	2	2	2	2
Swimming Pools	6	6	6	5	5	5	5	5	5	5
Tennis Courts	39	39	38	16	16	13	13	13	13	13
Skate Park	1	1	1	-	-	-	-	-	-	-
Recreation Centers	3	3	3	2	2	2	2	2	2	2

**Source:** City of Sunnyvale, various departments

**Note:** No capital asset indicators are available for library function.

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