



Sunnyvale

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2022



CITY OF SUNNYVALE

C A L I F O R N I A

We Build Community Trust by Delivering Exceptional Services.



Sunnyvale

Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2022

City of Sunnyvale

650 West Olive Avenue

Sunnyvale, CA 94086

408-730-7600

Prepared by the Department of Finance
Timothy J. Kirby, Director of Finance

Table of Contents
Fiscal Year Ended June 30, 2022

	Page
INTRODUCTORY SECTION:	
Table of Contents.....	i
Chief Finance Officer’s Letter of Transmittal	iii
Organizational Chart.....	xiv
Directory of Officials.....	xv
Directory of Boards and Commissions.	xvi
Certificate of Achievement for Excellence in Financial Reporting	xvii
FINANCIAL SECTION:	
Independent Auditor’s Report	1
Management’s Discussion and Analysis (Unaudited).....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	35
Statement of Activities.....	36
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet.....	40
Reconciliation of the Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position.....	43
Statement of Revenues, Expenditures and Changes in Fund Balances	44
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Government-Wide Statement of Activities.....	46
Proprietary Funds:	
Statement of Net Position.....	48
Reconciliation of the Enterprise Funds Statement of Net Position to the Government-Wide Statement of Net Position.....	51
Statement of Revenues, Expenses, and Changes in Net Position.....	52
Reconciliation of the Enterprise Funds Statement of Revenues, Expenses and Changes in Net Position to the Government-Wide Statement of Activities.....	55
Statement of Cash Flows.....	56
Fiduciary Funds:	
Statement of Fiduciary Net Position	62
Statement of Changes in Fiduciary Net Position.....	63
Notes to the Basic Financial Statements	65
Required Supplementary Information (Unaudited):	
Budgetary Policy and Control	
Budgetary Comparison Schedule – General Fund.....	148
Budgetary Comparison Schedule – Housing Special Revenue Fund.....	149
Budgetary Comparison Schedule – Park Dedication Special Revenue Fund	149
Notes to the Budgetary Comparison Schedules	151
Modified Approach for City Streets Infrastructure Capital Assets	154
Pension Plans	
Schedule of Changes in the Net Pension Liability and Related Ratios.....	156
Schedule of Plan Contributions.....	160
Other Post-Employment Benefits	
Schedule of Changes in the Net OPEB Liability and Related Ratios	164
Schedule of Plan Contributions.....	165

Table of Contents, Continued
Fiscal Year Ended June 30, 2022

Supplementary Information:

General Fund Budgetary Control:
General Fund Appropriations Budgetary Comparisons 170

Non-major Governmental Funds:
Combining Balance Sheet 178
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances 182
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and
Actual, Nonmajor Special Revenue Funds..... 186
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual,
Nonmajor Debt Service Fund..... 192
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and
Actual, Nonmajor Permanent Funds 193

Internal Service Funds:
Combining Statement of Net Position 196
Combining Statement of Revenues, Expenses, and Changes in Net Position 197
Combining Statement of Cash Flows 198

Private-Purpose Trust Funds:
Combining Statement of Fiduciary Net Position 202
Combining Statement of Changes in Fiduciary Net Position 203

Custodial Funds:
Combining Statement of Fiduciary Net Position 204
Combining Statement of Changes in Fiduciary Net Position 205

STATISTICAL SECTION (Unaudited):

Financial Trends:
Net Position by Component 209
Changes in Net Position 210
Fund Balances of Governmental Funds 213
Changes in Fund Balances of Governmental Funds 214
General Governmental Tax Revenues by Source 216

Revenue Capacity:
Assessed Value of Taxable Property 217
Property Tax Rates 218
Principal Property Tax Payers 219
Property Tax Levies and Collections 220

Debt Capacity:
Ratios of Outstanding Debt by Type 221
Direct and Overlapping Governmental Activities Debt 222
Legal Debt Margin Information 223
Pledged-Revenue Coverage 224

Demographic and Economic Information:
Demographic and Economic Statistics 225
Principal Employers 226

Operating Information:
Full-time Equivalent City Government Employees by Function 227
Operating Indicators by Function 228
Capital Asset Statistics by Function 229



City of SUNNYVALE

Department of Finance

650 West Olive Avenue

Sunnyvale, California 94086

408-730-7600

December 8, 2022

To the Honorable Mayor and Members of the City Council and Members of the Sunnyvale Community

We are pleased to submit the City of Sunnyvale's (City) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. 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 accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America and audited in accordance with Generally Accepted Auditing Standards (GAAS).

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 include disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities. 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 accordance 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 also intended to provide relevant financial information to the citizens of the City of Sunnyvale, City staff, creditors, investors, and other interested readers. We encourage all readers to contact the Department of Finance at finance@sunnyvale.ca.gov with any questions or comments concerning this report.

The City's financial statements have been audited by Macias Gini & O'Connell LLP (MGO), 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, 2022, are free of material misstatements. Based upon the audit, the independent auditors concluded that there was reasonable basis for rendering an unmodified opinion which states that the City's financial statements for the fiscal year ended June 30, 2022 are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements of the City was also 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 the administration of federal awards. These reports are available in the City's separately issued Single Audit Reports.

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2022

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

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 auditor's report, Management's Discussion and Analysis, Basic Financial Statements (which include the Government-Wide Financial Statements, Fund Financial Statements, and Notes to Basic Financial Statements), Required Supplementary Information, and a Supplementary Section containing the Combined and Individual Fund Financial Statements and Schedules.
- The **Statistical Section** includes tables of unaudited data depicting the financial trends of the City, demographics, and other selected information about the City.

PROFILE OF THE CITY

Basic Information

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. Policy-making and legislative authority are vested with the City Council. City councilmembers are elected through a district-based electoral system, with a directly elected mayor. Six districts are designated to elect six City council members only by the voters of that district. In addition, a limit applies to permit service on the Council for three consecutive terms but only two as a councilmember or mayor. Councilmembers for Districts 2, 4 and 6 and Mayor at-large were elected with the November 2020 elections, and councilmembers for Districts 3 and 5 were elected in November 2022. As the District 1 election was not contested, the City Council approved a resolution to appoint the District 1 councilmember in August 2022 and canceled the District's November election.

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, 2022

PROFILE OF THE CITY, Continued

Component Units

In defining the reporting entity, we have included the City's component units, which are the Sunnyvale Financing Authority (the Authority) and two Community Facilities Districts (CFDs). The Authority is fiscally dependent on the City, where the City Council functions as a separate Board. The two CFDs were formed to provide financing mechanisms for public improvements. One CFD is for the construction of parking facilities, and the second is for storm water collection and treatment facilities. The City's financial role with each District is fiduciary in nature where the same members of the City Council also serve as the governing board.

Additionally, the City has established a Redevelopment Successor Agency (RSA) which replaced the Redevelopment Agency that was dissolved in 2012. The RSA is not a component unit of the City and is a separate legal entity overseen by the Oversight Board and the State Department of Finance. The City's role in the RSA is fiduciary in nature. The RSA is reported as a private-purpose trust fund, a type of fiduciary fund.

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, human services, recreational programs and community development activities. The City also operates water, wastewater, and solid waste municipal utilities, as well as a solid waste transfer and materials recovery facility (Smart Station), development, and golf and tennis operations.

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:

- Arts Commission
- Bicycle and Pedestrian Advisory Commission
- Board of Building Code Appeals
- Sustainability Commission
- 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, 2022

PROFILE OF THE CITY, Continued

Budget

Sunnyvale Charter Section 1302 requires that the City Manager submit a budget to the City Council annually. Sunnyvale Charter Section 1305 specifies that all budget appropriations would lapse and must be re-authorized at the end of the fiscal year if they have not been spent or legally committed.

Section 1302 and Section 1305 of the City Charter also require the annual submission of a ten-year balanced budget that includes level of service information, historical financial trend data, and charts for ease of understanding the budget. It also provides that approved appropriations for capital projects will not lapse at the end of the fiscal year, unless completed, closed out or Council takes actions to modify. The long-term nature of the City's financial planning system allows decision makers to better understand the effect of policy decisions to prevent changes 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. Programs consist of one or more service delivery plans. Personnel costs are budgeted by full time equivalents at the service delivery plan-level. A separate budgetary year-end financial report is prepared 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

The Bay Area Region is often known as one of the most diverse and resilient regions in the United States (US). After experiencing strong economic growth for almost a decade, the region experienced a significant economic slowdown primarily due to negative impacts of COVID-19 pandemic (Pandemic). After more than two years, the Pandemic is waning with continued widespread vaccinations, a large drop in cases, and the increased availability of Covid-19 testing. Most local businesses have resumed their normal operations without major restrictions, as local and state mandatory orders have been rescinded. However, local businesses are still challenged as they face higher operating costs, resulting from inflationary pressures, supply chain disruption, and labor shortages.

To boost the national economic recovery, US government released a major economic stimulus package (\$1.9 trillion) under the American Rescue Plan Act (ARPA) in March 2021. The Coronavirus State and Local Fiscal Recovery Funds program, a part of the American Rescue Plan, provided direct assistance to local and state agencies to combat the public health and economic impacts of the Pandemic and to support their communities, residents and businesses. The City experienced significant revenue losses in Sales Tax and Transient Occupancy Tax (General Fund revenues) in the past two fiscal years. Therefore, the City's ARPA allocation share (\$28.2 million), received in two installments, were used to replace the lost revenue and was used to maintain the City's core services.

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2022

LOCAL ECONOMY, Continued

The economic vitality of the City depends on a strong and diversified business community that is flexible enough to withstand economic changes. As part of the City's economic development efforts, the City continues to work to attract and retain businesses with growth potential and make the City a desirable location for the corporate community. As a result, companies continue to recognize Sunnyvale as a prime location in Silicon Valley. Sunnyvale's innovative economy depends on major technology companies, including Google, Apple, Lockheed Martin Space Systems, Amazon.com Services LLC, LinkedIn, Juniper Networks, Intuitive Surgical, Applied Materials, Microsoft, and Synopsys.

However, the US economy is currently facing new challenges, which include increased inflation, high crude oil prices, and supply chain issues due to the Pandemic and international geopolitical issues. In order to contain control inflation, Federal Reserve started raising the quarterly benchmark interest rates in late 2021 and is expected to make further adjustments.

Sunnyvale, along with its neighboring cities, experienced consistent increases in real estate property values for the past nine fiscal years. Low interest rates, limited supply and ongoing demand kept market values at record levels year after year. Consequently, Property Tax revenue was not negatively impacted during the Pandemic, and both commercial and residential development activity maintained an upward trend. However, as a result of the aforementioned Federal Reserve rate increases, mortgage rates have been on the rise since the beginning of 2022, which have significantly impacted housing prices and sales volume across the country, and particularly in the Bay Area.

Although the current economic indicators are not showing signs of an immediate slowdown, the economic outlook remains uncertain and volatile, with some analysts predicting the possibility of a recession over the next year. In general, the revenue sources most vulnerable to economic downturn are Sales Tax, Transient Occupancy Tax, and development-related revenues, with utility revenues, Utility User Tax and Business License tax also affected to a lesser extent. Shifting economy trends and volatility are likely to continue to cause forecasting challenges in the future.

In summary, the past two years have been challenging for the community and for the City. The City's fiscal situation faces ongoing pressures that requires a prudent strategy to address current and future operational needs and investments in infrastructure. While the underlying financial foundation of the City remains strong, the impacts of the local economic trends and shifts along with significant expenditure pressures continue to require the City to exercise a cautious approach in the long-term. However, the City is well-equipped to deal with the adversity due to its solid fiscal policies, steady leadership and substantial financial planning practices.

LONG-TERM FINANCIAL PLANNING

The City Council fiscal policy establishes the framework upon which short and long-term financial decisions are made. It identifies the long-range goals needed for fiscal sustainability and develops strategies necessary to achieve these goals. Sunnyvale uses long-term financial planning to ensure stability

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2022

LONG-TERM FINANCIAL PLANNING, Continued

through ups and downs in economic cycles. The City Charter requires that the City Manager annually submit a budget which is balanced for ten years; however, City Council fiscal policy requires a balanced budget for an entire twenty-year planning period. The long-term nature of the City's financial planning system allows decision makers to better understand the true effect of policy decisions and effectively requires that decisions made today allow for resources to be available to provide quality services in the future. This long-term planning horizon prevents wild swings in service levels during the upturns and downturns of economic cycles.

Annual budget review and approval is a sound business practice and is required by the City Charter. However, an understanding of the City's long-term financial picture is more important to the process than just looking at a one-year or two-year snapshot. City fiscal policy requires City staff to analyze past and present fiscal health and project its future fiscal condition. One of the most powerful aspects of multi-year financial planning is its capability to recognize trends over time and begin at an early point to consider the appropriate steps to alter the long-term forecasted position of a particular fund should that become necessary.

One significant issue identified through our long-term planning process is the major impact of unfunded liabilities related to employee pension and retiree healthcare benefits. The City's contribution rates for employee pensions through the California Public Employees' Retirement System (CalPERS) continue to increase due to CalPERS's de-risking efforts, varied investment rate of returns, and changes to actuarial assumptions. As a result, the City's employer contribution rates have increased significantly every year and are expected to continue to increase over the next several years. Because of the City's long-term financial planning process that carefully considers the long-term implications of CalPERS' actions, the City periodically opted to pay more than the required CalPERS employer contribution to ensure our retirement plans are prudently funded and to minimize rate volatility. Working with its consulting actuary, the City develops rate projections to incorporate into the City's twenty-year financial plan to ensure these expenditures are funded over the long term. Beginning in FY 2014/15, the Governmental Accounting Standards Board (GASB) Statement No. 68 required governments to quantify and report the net pension liability on the financial statements. This reporting requirement provides transparency of our pension liabilities and our efforts to proactively manage them.

To address pension funding with a long-term perspective, the Council directed the City Manager to establish a Section 115 Pension Trust (Trust), which was set up in July 2018. The Trust is 1) owned and monitored by the City, 2) managed by a set of separate investment professionals, 3) separate from CalPERS, and 4) expected to provide increased flexibility on use of trust assets as a budget stabilization tool. The only option to reduce the City's unfunded pension liability is to pre-fund the pension liability with CalPERS. Alternatively, the Trust, under the City discretion, will hold additional funds committed for pension liabilities in excess of the City's annual required contribution to CalPERS. The amount held in Trust as of June 30, 2022 was \$10.2 million. In the FY 2022/23 Adopted Budget, an annual funding commitment of \$1.0 million is budgeted for the next six years. Assets and contributions to the Trust are reported in the Employees Payroll & Benefits Fund, an Internal Service Fund.

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2022

LONG-TERM FINANCIAL PLANNING, Continued

With the same long-term analysis, the City has developed a funding plan to address the unfunded liabilities related to retiree medical benefits. Like most governmental agencies, the City had been paying for these expenses on a pay-as-you-go basis. Recognizing that there is a liability for Other Post-Employment Benefits (OPEB) that is not addressed through a pay-as-you-go approach, the City began funding a retiree medical trust fund in FY 2010/11 and has budgeted to pay the full annual required contribution over the long-term plan until the OPEB liability is fully funded. Projected contributions to the OPEB trust are calculated by an actuary hired by the City. Combining with OPEB trust assets and projected contributions, the OPEB liability is expected to be fully funded by the twelfth year (FY 2034/35) of the twenty-year financial plan in the FY 2022/23 Adopted Budget.

The City's retiree medical trust created for funding the City's long-term OPEB liability meets a "Trust" criteria established by the GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued by the Governmental Accounting Standards Board.

RELEVANT FINANCIAL POLICIES

According to the Council Fiscal Policy, long-term financial planning should enable the current service level provided to be sustained over time through the strategic use of reserves. The reserves contained in the General Fund's long-term financial plan play a pivotal role in the City's multi-year planning strategy.

The General Fund currently has four major reserves:

The first reserve is the Contingency Reserve. This reserve equals 15% of operating expenditures in the first year of the long-term plan, with annual increases based on projected increases in the Consumer Price Index (CPI). This reserve is only utilized for non-fiscal emergencies or disasters as determined by Council. Increasing future years by CPI ensures that this reserve is sufficient for its intended usage but does not set aside more funds than necessary.

A second reserve in the General Fund is the Budget Stabilization Fund. This reserve holds a minimum of 15% of projected revenues for the first two years of the twenty-year financial plan. Beyond year two, the Budget Stabilization Fund must maintain a positive balance. This reserve functions to level economic cycles from year to year. By letting this reserve vary each year, the fund can absorb the cyclical effects of the economy. This reserve grows during periods of economic growth and is drawn down during the low points of economic cycles to maintain stable service levels. Strict policy adherence to the premise of the Budget Stabilization Fund prevents the City from adding services at the top of economic cycle that cannot be sustained, while allowing it to maintain Council-approved service levels during economic downturns. The function of the Budget Stabilization Fund and its strength has been evident throughout its existence. It has prevented the City from spending beyond its long-term sustainable means during periods of economic growth, while also providing the City a mechanism to maintain services at desired levels during economic downturns. The Budget Stabilization Fund not only is available to be drawn upon to assist in maintaining service levels economic downturns, but also allows time to develop a measured and reasoned approach to addressing fiscal crises. This became evident during the recent recession caused by the Pandemic.

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2022

RELEVANT FINANCIAL POLICIES, Continued

The Budget Stabilization Reserve was utilized to subsidize service levels when revenues dropped, which allowed the City time to assess the magnitude of the issue and address it strategically. This reserve has enabled the City to avoid significant reductions in service levels.

The third reserve in the General Fund is the Reserve for Capital Improvement Projects. Its purpose is to reserve revenues from land sales and other one-time sources for use on capital improvement projects or expansion.

The fourth reserve in the General Fund is the Equipment & Project Carryover Reserve. The reserve accounts for available unspent project balances that were carried over from prior years. This reserve distinguishes the prior year's carryovers from the total project costs and increases transparency of unspent project funds. Additionally, accounting for this reserve separately helps ensure that the available balance in the Budget Stabilization Fund is not overstated.

In addition to the reserves discussed above, the City also uses the Employee Payroll and Benefits Fund (an Internal Service Fund) as a mechanism to cover expenditures related to pension costs, insurance plans, workers' compensation costs, and leave time, while applying the principles of full-cost accounting. This is accomplished with the combination of charging actual benefit costs incurred in each fiscal year, transferring of a fixed amount in proportion to staff salaries for the unfunded pension and OPEB liabilities, and accruing unpredictable leaves (disability, family leaves, etc.) using a fixed rate. Resources are set aside for contribution-rate uncertainty, workers compensation liabilities, and retiree medical costs to reduce volatility and to minimize the effect on the funding of other City operations.

MAJOR INITIATIVES

The City Council established strategic policy priorities and has revisited them annually to help build the development of the Budget. The following are the list of the priorities the City Council has identified for FY 2021/22:

Civic Center Modernization

The design contract for Phase I (City Hall and a Public Safety Emergency Operations Center Addition and Renovation) was awarded by the City Council in December 2018. The Civic Center construction bid process and the contract award were completed in Fall 2020. Construction Phase I began in December 2020. The Public Safety Emergency Operations Center was open for business operations in September 2022, and City Hall is expected to be ready for occupancy in the first half of 2023. City Hall is anticipated to have net zero energy consumption and will have reduced operational costs. To finance a large portion of construction costs, lease revenue bonds were issued in December 2020. One-time revenues available from sales of multiple properties and reserves already accumulated for infrastructure improvements were utilized to cover the remaining construction costs.

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2022

MAJOR INITIATIVES, Continued

Ability of Infrastructure to Support Development, Traffic and Active Transportation

As providing well-maintained transportation infrastructure is critical to Sunnyvale residents and local communities, the City has proactively conducted long-range planning for traffic and transportation needs for several years and remains actively involved in countywide planning efforts. The traffic and transportation projects are mainly funded by Federal grants, local funding such as SB1 Road Maintenance and Repair Act and Measure B, along with traditional General Fund, Gas Tax and Vehicle Registration Fee funding. In FY 2022/23, \$16 million was budgeted for the traffic and transportation funded projects, including several projects of pavement rehabilitation, traffic signal improvements, street maintenance and improvements, construction of the multi-use trail on the north side of Evelyn Avenue, feasibility study of the Caltrain Grade Separation, preliminary design for the Bernardo Avenue Undercrossing and Stevens Creek Trail Extension, conceptual project evaluations of SR237/US 101 Corridor, and an environmental impact report for the Mary Avenue Overcrossing. The construction of these projects continues as planned.

Downtown Sunnyvale

The City Council first adopted the Downtown Specific Plan (DSP) in 2003 and approved the amended DSP in 2017 that incorporated updates resulting from the changed retail market due to rise of internet shopping and a priority of creating a pedestrian-friendly environment and allowing additional employment and housing opportunities nearby the mass transit area. The development in the Downtown remains strong as construction of housing and offices is in progress while several new restaurant businesses, multiple-unit residential buildings, a grocery store, and a movie theatre have opened during the last four years. The old Macy's site construction is underway; upon completion, an office space of 500,000 square feet and 479 apartments over ground floor retail space will be part of the Downtown. The City expects to benefit from increased Property Tax and Sales Tax collections from the commercial and multiple-dwelling residential projects in Downtown as they continue to be completed and occupied.

Improved Processes and Services Through the Use of Technology

This priority includes the implementation of several major initiatives, a new Community Development permitting system integrated with a new cashiering system, a public safety dispatch system implementation, and cashiering system updates at multiple locations. The development permitting system implementation is in progress and expected to go live in late 2022. In addition, the City now receives close to 98% planning applications online. Using the electronic plan review software, over 70% of building permit plan checks are completed in digital format. The shift to online services is expected to result into a high level of services and increased customer satisfaction.

Accelerating Climate Action

The City continues with deploying its concerted efforts to significantly reduce community greenhouse gas emissions. After achieving a 44% reduction in greenhouse gas emissions from 1990 levels in 2020, the City continues to make strides towards its goal of reaching carbon neutrality by 2050. In addition to updating the building codes, which require new buildings to be all-electric and offering electric vehicle programs, the City installed twelve new electric vehicle (EV) chargers for public use. Moreover, the City continued with its plan to go with all-electric City facilities. To produce and use green energy, large solar panels were installed at public safety, library and maintenance yard buildings.

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2022

MAJOR INITIATIVES, Continued

Equity, Access and Inclusion

The City Council established Equity, Access, and Inclusion (EAI) as one of its strategic priorities in February 2021. In September 2021, City Mayor Larry Klein issued a statement letter reaffirming the City's commitment to ethical service delivery and to meet the needs of all community members regardless of race, religion, ancestry, ethnicity, ability, and gender identity. All City employees are responsible to serve every member of the public with courtesy, respect, professionalism and impartiality. A full-time management position and administrative staff were added on a permanent basis to continue with the City's commitment to creating a culture of community respect, equity and inclusion and improve access to City services and equitable outcomes for residents. Additionally, the City Council has approved to establish a new Human Relations Commission, and scheduled citywide EAI training and plans to hold a cultural festival.

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 Annual Comprehensive Financial Report for the fiscal year ended June 30, 2021. This was the thirty-sixth 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 Annual Comprehensive 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. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate program requirements. This report will be submitted to GFOA to determine its eligibility for another certificate.

The City received the Distinguished Budget Presentation Award from GFOA for the City's adopted budget for the fiscal year ended June 30, 2022. This was the thirty-third consecutive year that the City has received this award. In order to qualify for the award program, the City's budget document must be judged to be proficient in four categories including policy document, financial plan, operations guide, and communications device.

Since 1999, the City's investment policy has received certification by the Association of Public Treasurers of the United States and Canada (Association). 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.

***Chief Finance Officer's Letter of Transmittal, Concluded
Fiscal Year Ended June 30, 2022***

AWARDS AND ACKNOWLEDGEMENTS, Continued

The City has received the Annual Achievement of Excellence in Procurement Awards from the National Purchasing Institute (NPI) for twenty-two consecutive years. NPI is the public sector purchasing affiliate of the Institute for Supply Management (ISM). The mission of NPI is to facilitate the educational and professional development of its members.

The preparation of this 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: Juan Castro, Principal Accountant; Hema Gajaria, Jenny Chang, Senior Accountants, Luis Cuellar, Bhavana Menghrajani, and Veronica Alberto, Accountants; Matthew Hazel, Senior Accounting Technician; Tim Kashitani, Administrative Aide; Inderdeep Dhillon, Finance Manager; and Dennis Jaw, Assistant Director of Finance. I also wish to thank our auditors, MGO, for their cooperation and assistance.

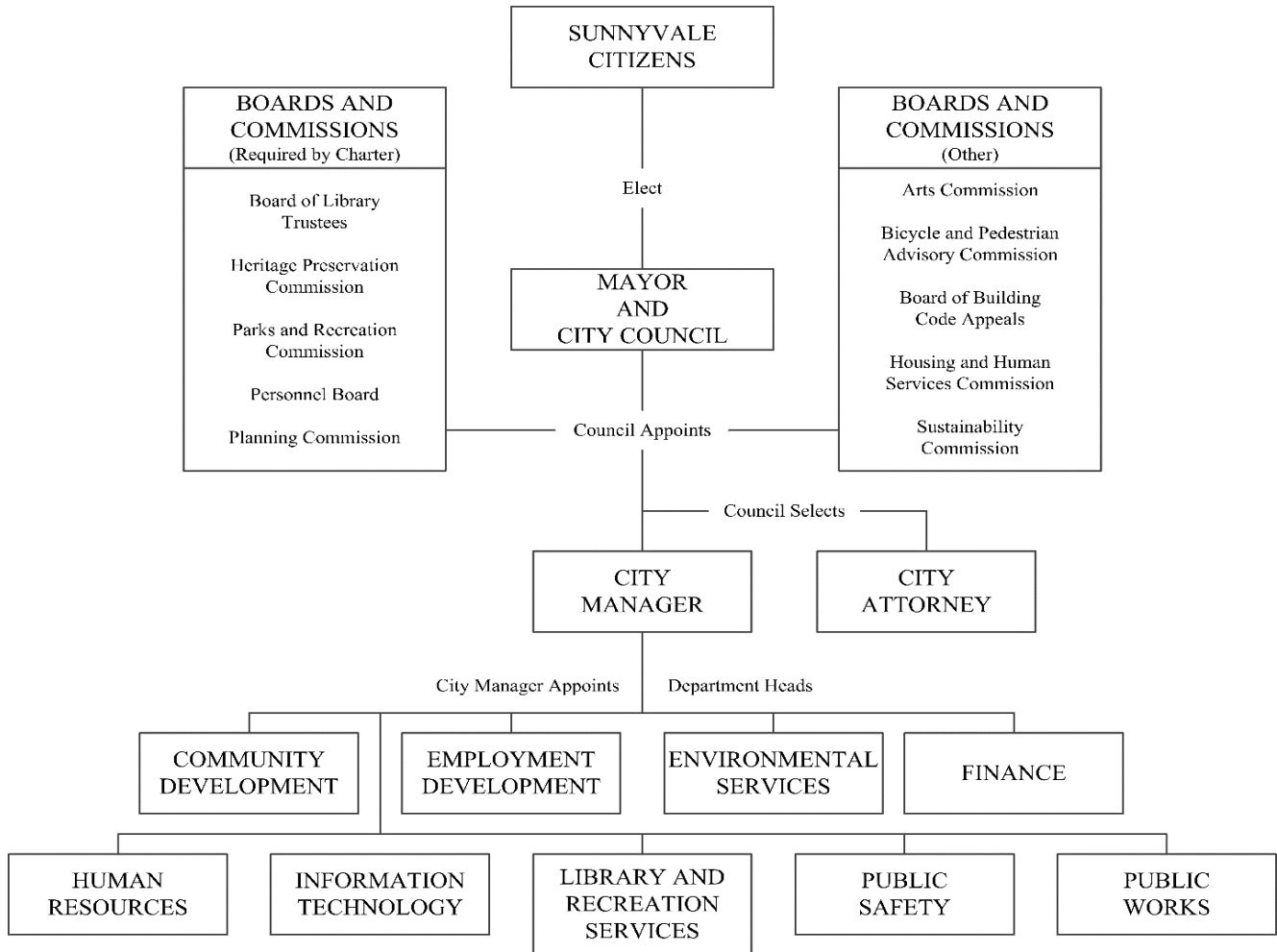
Sincere appreciation is also expressed to the City Manager and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and thoughtful manner.

Respectfully submitted,



Timothy J. Kirby
Director of Finance

Organization Chart
Fiscal Year Ended June 30, 2022



Directory of Officials
Fiscal Year Ended June 30, 2022

Larry Klein
Mayor

Alysa Cisneros
Vice-Mayor

Gustav Larsson
Councilmember

Russ Melton
Councilmember

Tony Spitaleri
Councilmember

Glenn Hendricks
Councilmember

Omar Din
Councilmember

Kent Steffens
City Manager

Teri Silva
Assistant City Manager

Chip Taylor
Director of Public Works

Kathleen Boutté Foster
Chief Information Officer

Trudi Ryan
Director of Community Development

Timothy J. Kirby
Director of Finance

Tina Murphy
Director of Human Resources

John Nagel
City Attorney

Marlena Sessions
Director of Employment Development

Phan S. Ngo
Director of Public Safety

Ramana Chinnakotla
Director of Environmental Services

Michelle Perera
Director of Library & Recreation Services

Directory of Boards and Commissions
Fiscal Year Ended June 30, 2022

Arts Commission

Eskridge, Dawna
Lam, Winnie
Veith, Agnes
Serrone, Sue
Vacant

Bicycle and Pedestrian Advisory Commission

Bonne, Ulrich (Alex)
Davé, Arwen
Hafeman, Daniel
Mehlinger, Richard
Mehlman Elizabeth (Leia)
Oey, Timothy
Vacant

Board of Building Code Appeals

Jain, Rahul
McNutt, Gregory
Kroll, Adam
Shen, Yonghong
Pabi, Sudeshna

Board of Library Trustees

Boelter, Kathy
Isaak, Mark
Jain, Rahul
Ma, Andrew
Wang, Sharlene

Heritage Preservation Commission

Bratton, Jenny
Caroompas, Steve
Hopkins, Dawn
Patel, Sarosh
Gaudenti, Shanna
Sharma, Pamela
Vacant

Housing and Human Services Commission

Davis, Jim
Duncan, Scott
Hiremath, Ken
Riviere, Leesa
Sell, Linda
Stetson, Elinor
Vacant

Parks and Recreation Commission

Bremond, Daniel
Dibb, Gregory
Giri, Prakash
Kesting, David
Mason, Dona

Personnel Board

Ketzel, Marc
Lugani, Deepali
Schmidt, Barbara
Selan, Patti
Leshner, Richard

Planning Commission

Harrison, Sue
Howard, Daniel
Howe, John
Iglesias, Nathan
Pyne, Martin
Weiss, Carol

Sustainability Commission

Kunz, Douglas
Pistone, Kristina
Veitch, Tonya
Wang, Justin
Wickham, Kristel
Srinivasan, Murali
Vacant



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sunnyvale
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, as of July 1, 2021, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, information on the modified approach for City streets infrastructure capital assets, and the schedules related to the pension and other postemployment benefits plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor’s report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022, 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 grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal control over financial reporting and compliance.



Walnut Creek, California
December 8, 2022

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Management's Discussion and Analysis (Unaudited)

*Management's Discussion and Analysis
Fiscal Year Ended June 30, 2022*

As management of the City of Sunnyvale (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the Introductory Section of this report.

A. FINANCIAL HIGHLIGHTS

- At June 30, 2022, the City's total net position was \$1,403.4 million, an increase of \$278.8 million or 24.8% over prior year. This increase was corresponding to the changes in the following financial statement elements: (1) total assets increased by \$235.5 million or 12.0% mostly due to capital asset additions of infrastructure projects of \$203.6 million or 22.0% and; (2) current and other assets increased by \$31.9 million or 3.1% from prior year primarily due to higher balances of Receivables, Housing loans receivable and Lease receivable; (3) total liabilities decreased by \$182.3 million or 20.5% mainly due to reduction in unearned revenue, net pension liability, and net OPEB liability; (4) deferred outflows decreased by \$8.9 million and deferred inflows of resources increased by \$130.1 million from prior year. Pension and OPEB-related items represented a predominant portion of both deferred outflows and deferred inflows of resources.
- Total revenues were \$638.9 million, which were \$216.5 million or 51.3% higher than prior year. Both Program Revenues and General Revenues were higher due to strong development activity and fast economic recovery experienced during the current year. The revenue increases were mainly in Charges for Services of \$118.0 million, Operating Grants and Contributions of \$48.9 million, and Capital Grants and Contributions of \$55.1 million. General Revenues such as Property Taxes, Sales and Use Taxes, and Other Taxes were also higher by \$12.0 million, \$9.8 million, and \$9.9 million, respectively. However, the General Revenues increases were offset by negative investment income of \$34.6 million. Total expenses were \$360.1 million, a decrease of \$27.9 million or 7.2% from prior year. Reduction in expenses was primarily due to decreases in pension and OPEB expenses accrued at yearend.
- Total Governmental Activities program and general revenues were \$396.5 million, which was \$183.9 million or 86.5% higher than prior year. Increases in Charges for Services by \$78.3 million, Operating Grants and Contributions of \$48.9 million, Capital Grants and Contributions of \$51.6 million, and General tax revenues of \$31.7 million primarily contributed to higher program and general revenues than prior year, during which the local economy temporarily had slowed down mainly due to the COVID-19 Pandemic (Pandemic). Total Business-type Activities program revenues were \$252.7 million, increased by \$43.2 million or 20.6% from prior year. Higher program revenues consisted of increases in Charge for Services and Capital Grants and Contributions by \$39.7 million and \$3.5 million, respectively. The program revenue increases were mainly due to the restart of large development projects, leading to higher collections of charges for services.
- Total Net Pension Liabilities and Net Other Post-Employment Benefit (OPEB) liabilities for governmental activities decreased by \$140.2 million or 35.8%, and \$25.3 million, or 40.8%, respectively. The decrease in liabilities was caused mainly by the appreciation of fair value of the Plans' investments, thereby increasing fiduciary net position, which is factored in calculating respective net pension and net OPEB liabilities reported as of June 30, 2022.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

A. FINANCIAL HIGHLIGHTS, Continued

- The City's governmental funds reported a combined fund balance of \$628.0 million, an increase of \$0.4 million from prior year's fund balance of \$627.6 million.
- The City received a donation of fully developed six and half-acre Community Park located in North Sunnyvale area from a developer. The asset donation value was approximately \$48.2 million.
- The City expensed \$28.2 million federal funds received under the American Rescue Plan Act (ARPA) in providing public safety services.
- The General Fund's fund balance was \$168.0 million, an increase of \$37.9 million or 29.1% from prior year. Major changes to the fund balance include total revenues increases of \$55.7 million which consisted of higher collections of Property Taxes (\$12.2 million, Sales and Use Taxes (\$9.9 million), Other Taxes (\$9.6 million), Intergovernmental revenues (\$26.5 million), and Service fees (\$3.0 million). Negative interest earnings (\$7.2 million), net increase to expenditures (\$7.2 million), and net transfer reductions (\$14.8 million) were decreases to the fund balance. Moreover, the General Fund made several transfers out to other City Funds in the net amount of \$7.3 million, mainly for subsidies of various activities during FY 2021/22.
- The City contributed \$2.0 million in a stand-alone trust account in its on-going efforts to address unfunded pension liabilities in the long-term. As of June 30, 2022, the account balance totaled \$10.2 million reported as Deposits and Investments Held with Fiscal Agent or Trustee in the Employee Payroll & Benefits Fund, an Internal Service Fund.
- The City implemented the Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, effective fiscal year ended June 30, 2022. The objective of this statement is to better meet the needs of financial statement users by improving accounting and financial reporting for leases by governments. See Note 14 in the Notes to the Basic Financial Statements for details.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

B. OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City'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 includes supplementary information intended to furnish additional detail to support the basic financial statements themselves. In addition, reclassifications may have been made to some prior fiscal year balances to conform to the current fiscal year presentation formats.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents financial information on all of the City's assets and liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of the costs through user fees and charges (*business-type activities*). The governmental activities of the City include planning and management, public safety, community development, transportation, socioeconomic, cultural, and environmental management. The business-type activities of the City include water supply and distribution, wastewater management, solid waste management, SMaRT Station, golf and tennis operations, and development-related fee revenue and expense tracking to ensure full cost recovery.

The government-wide financial statements include the City (primary government) and all legally separate entities (component units) for which the City is financially accountable. The Sunnyvale Financing Authority, though legally separate, is practically treated as a program of the City and included in the basic financial statements as an integral part of the primary government. Other component units are separately accounted for as fiduciary funds.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 fund 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.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental fund statements with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 21 individual governmental funds belonging to the governmental fund types: General, Special Revenue, Debt Service, and Capital Project. Information is presented separately in the governmental fund financial statements for the following major governmental funds: General Fund, Housing Special Revenue Fund, Park Dedication Special Revenue Fund, City Projects Fund, Infrastructure Renovation and Replacement Fund, and Civic Center Capital Project Fund. Data from the other 15 nonmajor governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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, Development, and Golf and Tennis 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 internal services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

B. OVERVIEW OF FINANCIAL STATEMENTS, Continued

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 - Fiduciary funds are used to account for resources held for the benefit of parties outside of the City. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The basis of accounting used for fiduciary funds is same as what is used for proprietary funds.

The City reports three types of fiduciary funds. The Other Postemployment Benefit Trust Fund accounts for the City Retiree Healthcare Trust; the Private-Purpose Funds account for the Redevelopment Successor Agency (RSA) and the Community Facilities District (CFD) No. 3. Custodial Funds account for the Communities Facilities District (CFD) No. 1, the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP), and NOVAworks Foundation.

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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information, including budgetary comparison schedules and more detailed information regarding the modified approach used for reporting the City's infrastructure capital assets.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

*Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022*

B. OVERVIEW OF FINANCIAL STATEMENTS, Continued

Analysis of Net Position

Net position over time may serve as a useful indicator of the City's financial position. At the close of fiscal year 2021/22, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,403.4 million. This was an increase of \$278.8 million or 24.8% from prior year.

The following is the condensed statement of net position for the fiscal years ended June 30, 2022 and 2021.

**Condensed Statement of Net Position
June 30, 2022 and 2021
(Amounts in Millions)**

	Governmental Activities		Business- Type Activities		Total		% Change
	2022	2021	2022	2021	2022	2021	
Assets:							
Current and Other Assets	\$764.0	\$780.4	\$303.1	\$254.8	\$1,067.1	\$1,035.2	3.1%
Capital Assets, Net	804.2	620.9	325.9	305.6	1,130.1	926.5	22.0%
Total Assets	<u>1,568.2</u>	<u>1,401.3</u>	<u>629.0</u>	<u>560.4</u>	<u>2,197.2</u>	<u>1,961.7</u>	12.0%
Deferred Outflows of Resources							
	<u>54.3</u>	<u>63.8</u>	<u>10.8</u>	<u>10.2</u>	<u>65.1</u>	<u>74.0</u>	(12.0)%
Liabilities:							
Other Liabilities	53.4	55.9	31.0	28.0	84.4	83.9	0.6%
Noncurrent Liabilities	174.3	196.1	156.1	151.6	330.4	347.7	(5.0)%
Net Pension Liability	220.0	342.9	36.8	54.1	256.8	397.0	(35.3)%
Net OPEB Liability	30.1	50.8	6.4	11.0	36.5	61.8	(40.9)%
Total Liabilities	<u>477.8</u>	<u>645.7</u>	<u>230.3</u>	<u>244.7</u>	<u>708.1</u>	<u>890.4</u>	(20.5)%
Deferred Inflows of Resources							
	<u>126.1</u>	<u>16.8</u>	<u>24.7</u>	<u>3.9</u>	<u>150.8</u>	<u>20.7</u>	628.5%
Net Position:							
Net Investments in Capital Assets	682.0	578.4	175.0	161.9	857.0	740.3	15.8%
Restricted	374.7	329.1	5.3	5.3	380.0	334.4	13.6%
Unrestricted	<u>(38.1)</u>	<u>(104.9)</u>	<u>204.5</u>	<u>154.8</u>	<u>166.4</u>	<u>49.9</u>	233.5 %
Total Net Position	<u>\$ 1,018.6</u>	<u>\$ 802.6</u>	<u>\$ 384.8</u>	<u>\$ 322.0</u>	<u>\$ 1,403.4</u>	<u>\$ 1,124.6</u>	24.8%

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

At June 30, 2022, the largest portion of the City's net position (\$857.0 million or 61.1%) reflects the City's net investment in capital assets. This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources attributable to the addition of those assets or related debt are also included. The City uses these capital assets (land, buildings, equipment, vehicles, and infrastructure) to provide services to citizens. The amount of net investment in capital assets is reported as a distinct component of net position 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 position (\$380.0 million or 27.1%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position is \$166.4 million, which includes a deficit of \$38.1 million in governmental activities and a surplus of \$204.5 million in business-type activities.

Under GASB Statements No. 68 and No. 75, the annual pension/OPEB expense reported in FY 2021/22 is the change in net pension/OPEB liability from the previous year (measured as of June 30, 2020) to the current year (measured as of June 30, 2021), along with changes in pension- and OPEB-related deferred outflows and inflows of resources.

Deferred outflows and deferred inflows of resources related to pension/OPEB are certain changes in the net pension/OPEB liability that are to be recognized in future pension/OPEB expense through amortization beginning in current year. Such items may include differences between expected and actual experience with regard to economic or demographic factors in the measurement of total pension/OPEB liability, changes of assumptions or other inputs about future economic or demographic factors, and the difference between projected and actual earnings on pension/OPEB plan investments.

Detailed disclosure as required by GASB Statements No. 68 and No. 75 can be found in Notes 16 and 17, respectively. The related trend information is presented in the required supplementary information section.

Discussion about other changes in the City's net position is provided in the following sections for governmental activities and business-type activities.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Analysis of Changes in Net Position

Condensed Statement of Changes in Net Position

Years Ended June 30, 2022 and 2021

(Amounts in Millions)

	Governmental Activities		Business-Type Activities		Total		%
	2022	2021	2022	2021	2022	2021	
Revenues:							
Program Revenues:							
Charges for Services	\$ 95.7	\$ 17.4	247.5	\$ 207.8	\$ 343.2	\$ 225.2	52.4 %
Operating Grants and Contributions	67.1	18.2	-	-	67.1	18.2	268.7 %
Capital Grants and Contributions	71.2	19.6	5.2	1.7	76.4	21.3	258.7 %
Total Program Revenues	234.0	55.2	252.7	209.5	486.7	264.7	83.9 %
General Revenues:							
Property Taxes	113.5	101.5	-	-	113.5	101.5	11.8 %
Sales and Use Taxes	35.8	26.0	-	-	35.8	26.0	37.7 %
Other Taxes	37.0	27.1	-	-	37.0	27.1	36.5 %
Investment Income	(24.3)	2.3	(10.3)	0.3	(34.6)	2.6	(1,430.8)%
Interest on Advances to Business-Type	0.5	0.5	-	-	0.5	0.5	-
Total General Revenues	162.5	157.4	(10.3)	0.3	152.2	157.7	(3.5)%
Total Revenues	396.5	212.6	242.4	209.8	638.9	422.4	51.3 %
Expenses:							
Planning and Management	18.3	19.0	-	-	18.3	19.0	(3.7)%
Public Safety	86.3	113.5	-	-	86.3	113.5	(24.0)%
Community Development	10.3	8.2	-	-	10.3	8.2	25.6 %
Public Works	35.3	35.5	-	-	35.3	35.5	(0.6)%
Environmental Services	2.5	2.7	-	-	2.5	2.7	(7.4)%
Library & Recreation Services	20.5	18.7	-	-	20.5	18.7	9.6 %
NOVA Workforce Services	5.9	9.0	-	-	5.9	9.0	(34.4)%
Water Supply and Distribution	-	-	50.1	51.1	50.1	51.1	(2.0)%
Wastewater Management	-	-	32.3	33.6	32.3	33.6	(3.9)%
Solid Waste Management	-	-	49.5	44.4	49.5	44.4	11.5 %
SMaRT Station	-	-	26.2	27.1	26.2	27.1	(3.3)%
Development	-	-	13.7	16.4	13.7	16.4	(16.5)%
Golf and Tennis Operations	-	-	4.7	5.0	4.7	5.0	(6.0)%
Interest on Long-term Debt	4.5	3.8	-	-	4.5	3.8	-
Total Expenses	183.6	210.4	176.5	177.6	360.1	388.0	(7.2)%
Increase in Net Position before Transfers	212.9	2.2	65.9	32.2	278.8	34.4	710.5 %
Transfers	3.1	5.6	(3.1)	(5.6)	-	-	-
Increase in Net Position	216.0	7.8	62.8	26.6	278.8	34.4	710.5 %
Net Position - Beginning of Year	802.6	794.8	322.0	295.4	1,124.6	1,090.2	3.2 %
Net Position - Ending of Year	\$ 1,018.6	\$ 802.6	\$ 384.8	\$ 322.0	\$ 1,403.4	\$ 1,124.6	24.8 %

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

Current year transactions resulted in an increase of \$216.0 million in net position from prior year. The key elements of this change were as follows:

Revenue Highlights:

- Total revenues before transfers were \$396.5 million, which was \$183.9 million higher than prior year. Program revenues increased by \$178.8 million, of which Charges for Services had the largest increase of \$78.3 million. Operating Grants and Contributions and Capital Grants and Contributions were higher by \$48.9 million and \$51.6 million, respectively. General tax revenue collections totaled \$186.3 million, increased by \$31.7 million from prior year. However, these revenue increases were offset by negative interest earnings of \$24.3 million mainly due to the decrease in fair value of cash and investments.
- Charges for Services for governmental activities significantly increased by \$78.3 million from prior year primarily due to rapid rise in major housing and commercial construction projects, leading to substantial increases in development related service fee revenues collections.
- Operating Grants and Contributions were higher by \$48.9 million than prior year. The increase was due to receipt and recognition of \$28.2 million of ARPA funds revenues and \$16.5 million of developer contributions for affordable housing projects to benefit the community.
- Capital Grants and Contributions increased by \$51.6 million over the prior year, mainly due to park land and park improvements asset donations in the amount of \$48.2 million and the remaining was from higher grant reimbursements and developer contributions for transportation improvements and enhancement-related projects.
- Total property tax revenues were higher by \$12.0 million or 11.8% than prior year. The growth in this revenue source was due to continued increases in assessed value of commercial and residential real estate properties, change of ownership, and new construction. This is the tenth consecutive year in which the property tax revenue continues to increase from year over year.
- Sales and use tax revenue was higher by \$9.8 million or 37.7% than prior year. The increase was due to higher consumer spending, elevated fuel prices, rising dining costs, and costs for other goods and services.
- Other tax revenues increased by \$9.9 million or 36.5% from prior year, mainly due to hotel occupancy rates reaching at 64.4% compared to 42.0% from the previous year and increased construction and real property transfer transactions as the local economy performed better in current year. Utility User Tax, Franchise Fees, and Business License Tax revenues remained stable.

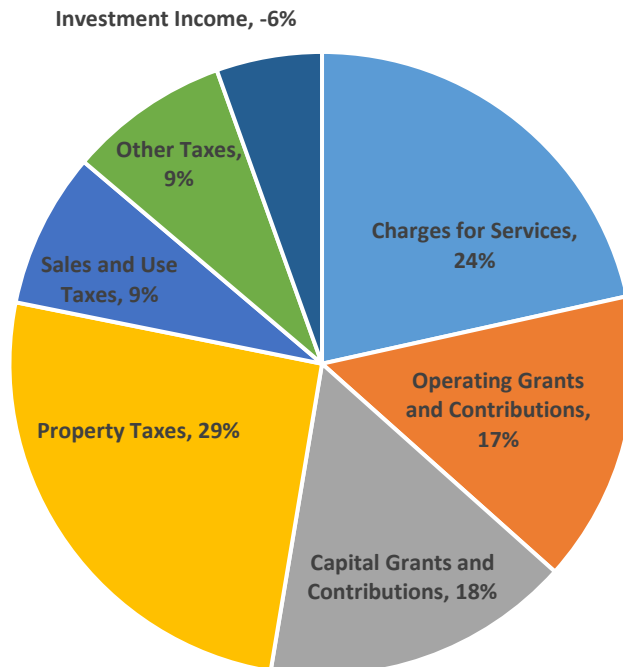
Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Details are shown in the table below (amounts in millions):

	Total Other Tax Revenues		% Change
	2022	2021	2022-2021
Transient Occupancy Tax (TOT)	\$ 10.6	\$ 5.2	103.8 %
Utility Users Tax	8.6	8.6	-
Construction & Real Property Transfer	8.5	4.4	93.2 %
Franchise Fees (based on gross receipts)	7.2	7.0	2.9 %
Business License Tax	2.1	1.9	10.5 %
Total	\$ 37.0	\$ 27.1	36.5 %

Governmental Activities
Revenues by Source
June 30, 2022



Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expense Highlights

Functional expenses for the years ended June 30, 2022 and 2021 were as follows (amounts in millions):

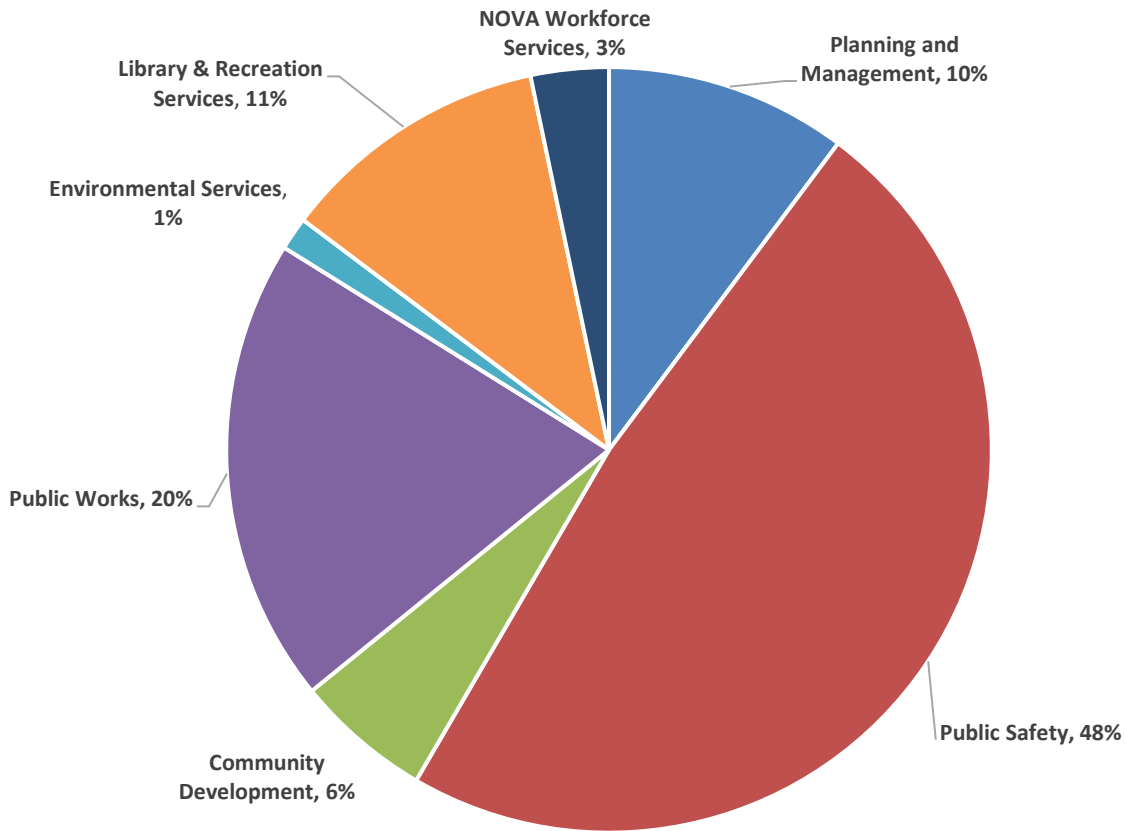
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2022	2021	2022-2021	2022	2021	2022-2021
Planning and Management	\$ 18.3	\$ 19.0	(3.7)%	\$ 16.5	\$ 15.8	4.4 %
Public Safety	86.3	113.5	(24.0)%	52.7	108.7	(51.5)%
Community Development	10.3	8.2	25.6 %	(82.0)	(2.2)	3,627.3 %
Public Works	35.3	35.5	(0.6)%	(57.4)	10.2	(662.7)%
Environmental Services	2.5	2.7	(7.4)%	2.5	2.4	4.2 %
Library & Recreation Services	20.5	18.7	9.6 %	15.4	16.3	(5.5)%
NOVA Workforce Services	5.9	9.0	(34.4)%	(2.6)	0.1	(2,988.9)%
Total	<u>\$ 179.1</u>	<u>\$ 206.6</u>	(13.3)%	<u>\$ (54.9)</u>	<u>\$ 151.3</u>	(136.3)%

- The functional expenses presented in the preceding table consist of depreciation, uncapitalized operating expenses and capital outlay, the allocated effect of consolidating internal service fund activities, the recognition of the changes in net pension liability and net OPEB liability, and the amortization of pension- and OPEB-related deferred outflows and inflows of resources.
- Expense for governmental activities (excluding interest on long-term debt) was \$179.1 million, which was \$27.5 million or 13.3% lower than prior year.
- Public Safety costs were lower by \$27.2 million or 24.0% mainly due to reduction in pension and OPEB expenses for the year.
- Community Development expenses were higher by \$2.1 million or 25.6%, mainly due to funding provided for various community benefit programs, including financial support in the amount \$1.5 million to a local nonprofit agency and \$0.5 million for rent relief support, emergency assistance for households with disabilities, and mobile showers and laundry services, etc.
- NOVA Workforce Services expenses were lower by \$3.1 million or 34.4% from prior year, primarily due to reduction in pension and OPEB expenses of \$2.7 million for the year and decreased program costs by \$0.4 million.

Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

**Governmental Activities
Expenses by Department
June 30, 2022**



Additional discussion on the City’s governmental activities can be found in the next section that analyzes governmental fund’s financial statements.

Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business Type Activities

	Program Revenues		% Change	Program Expenses		% Change
	(amounts in millions)			(amounts in millions)		
	2022	2021	2022-2021	2022	2021	2022-2021
Business-Type Activities:						
Water Supply & Distribution	\$ 70.7	\$ 62.7	12.8 %	\$ 50.1	\$ 51.1	(2.0)%
Wastewater Management	72.0	50.6	42.3 %	32.3	33.6	(3.9)%
Solid Waste Management	54.1	50.5	7.1 %	49.5	44.4	11.5 %
SMaRT Station	27.0	26.5	1.9 %	26.2	27.1	(3.3)%
Development	23.9	14.5	64.8 %	13.7	16.4	(16.5)%
Golf and Tennis Operations	5.0	4.7	6.4 %	4.7	5.0	(6.0)%
Total	\$ 252.7	\$ 209.5	20.6 %	\$ 176.5	\$ 177.6	(0.6)%

Revenue Highlights:

- Total program revenues in business-type activities increased by \$43.2 million or 20.6% from prior year. All business-type activities experienced revenue increases in comparison to prior year, exhibiting positive economic results from the high demand of construction activities and gradual return of business sector workforce to onsite locations as the state and local health mandates were lifted in the current year. The revenues increased primarily due to much higher collections of development-related fee revenues and wastewater connection fee revenues as several large commercial and multiple-unit housing construction projects started during current year.
- Water, wastewater, and solid waste services rates increased by 1.5%, 4%, and 4% respectively during the current year. Water and wastewater rate increases were necessary to fund increased prices of the wholesale water and to cover infrastructure replacements and improvements, which are in progress and will continue into future years. Solid waste rates increased mainly to meet increased state regulations.
- Water Supply & Distribution revenue was higher by \$8.0 million or 12.8% mainly due to an increase in water consumption by commercial customers and water connection fees.
- Wastewater Management revenue increased by \$21.4 million or 42.3%, which was primarily due to connection fees revenue resulting from higher construction activity. Additionally, operational revenue also rose due to commercial customer service usage increases and wastewater connection fees.
- Development revenue was higher by \$9.4 million or 64.8% in comparison to prior year. Construction activity was much stronger during current year. Consequently, building permits (electrical, fire prevention, plumbing and mechanical) and permit application fees collections contributed to the increase.
- Golf and Tennis operating revenue increased by \$0.3 million or 6.4% due to higher activity in comparison to prior year. This was the second year during which program revenue increased year over year, primarily due to golf’s popularity as a safe outdoor activity during the Pandemic. In addition, operating revenue exceeded operating expenditures by \$0.3 million.

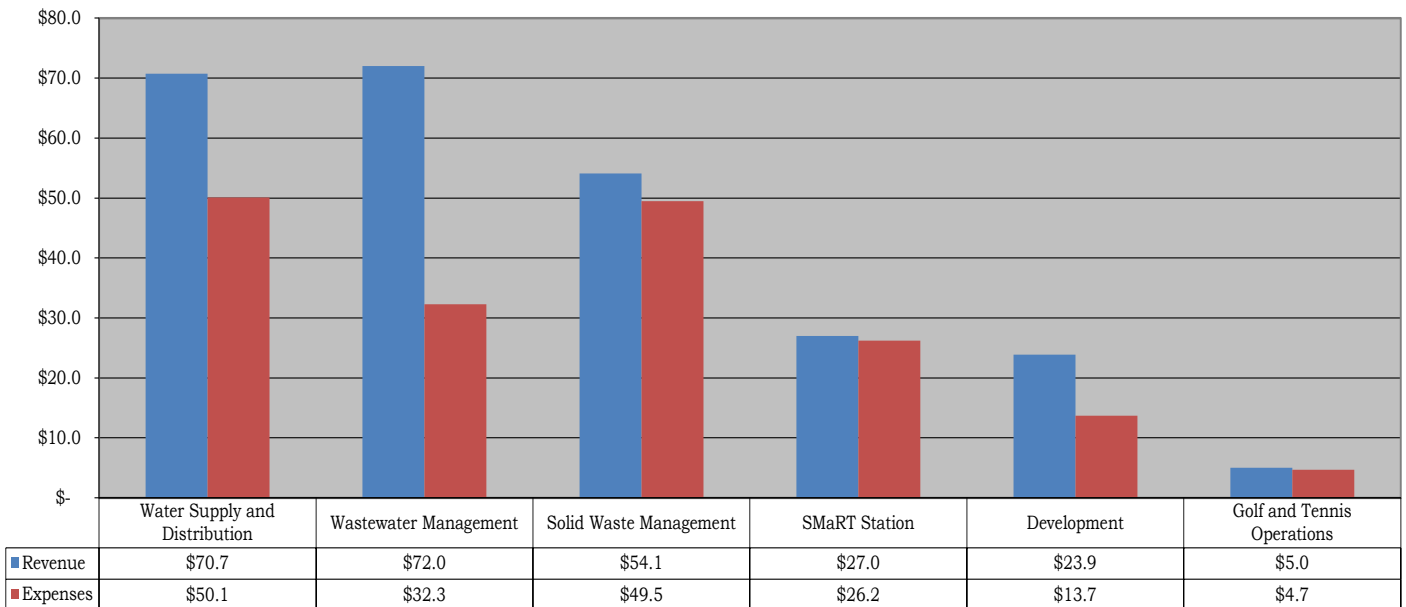
Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expense Highlights:

- Total business-type activities expenses decreased by \$1.1 million or 0.6% over prior year. In aggregate, Water Supply & Distribution, Wastewater Management, SMaRT Station, Development, and Golf and Tennis Operations Funds had lower expenses in comparison to prior year. Total personnel services were lower by \$5.3 million than prior year. This was mainly due to decreased pension and OPEB expenses for the year. Total contractual services increased by \$4.9 million. This was mainly due to a new agreement with the contractor and Solid Waste Management. Additionally, the City’s share of SMaRT Station program costs increased as a result of a partner agency discontinuing participation in the program.
- Solid Waste Management experienced an increase of \$5.1 million program service costs. The program expense was higher than last year mainly due to 1) increased contractual services costs incurred to haul, transfer and disposal of solid waste, 2) higher state regulation compliance costs to increase organic recycling and to reduce the amount of waste sent to landfills.
- Wastewater Management had lower personnel services and contractual services expenses of \$2.3 million and \$1.6 million, which was mainly due to decreased pension and OPEB expenses for the year and fewer engineering consulting costs as primary treatment facility reconstruction project was finished in early part of the current year.

Business-Type Activities
Program Revenues and Expenses (amounts in millions)
June 30, 2022



Further discussion on the City’s enterprise activities can be found in the following section (Fund Financial Statement Analysis).

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

D. FUND FINANCIAL STATEMENT ANALYSIS

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or others that have been delegated authority to assign resources for use for particular purposes by the City Council.

At June 30, 2022, the City's governmental funds reported a combined fund balance of \$628.0 million, an increase of \$0.4 million or 0.1% from prior year. Approximately \$93.0 million or 14.8% of the combined fund balance constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$4.5 million), of which legally required to be maintained intact (\$1.6 million); 2) restricted for particular purposes (\$385.9 million); 3) committed for particular purposes (\$67.6 million); or 4) assigned for particular purposes (\$76.8 million).

Total revenues increased by \$126.7 million or 59.2% from prior year. The increases were in Property Taxes (\$12.2 million), Sales and Use Taxes (\$9.9 million) Other Taxes (\$9.6 million), Intergovernmental Revenues (\$23.1 million) and Service Fees (\$91.6 million). The Service Fees increases were mainly due to increased collection of commercial and residential construction development related fees, which were housing mitigation fees (\$45.8 million), park in lieu fees (\$17.6 million), and traffic mitigation and development impact fees (\$25.2 million). However, the revenue increases were offset with negative interest earnings by \$20.4 million mainly due to decrease in fair value of Deposits & Investments held by the City and by the Fiscal Agent.

Total governmental funds expenditures were increased by \$48.7 million from prior year. Capital outlay expenditures increased by \$48.9 million due to continued construction of the Civic Center. A net increase to the departmental expenditures was \$7.2 million mainly due to higher salaries and benefits costs. These increases were offset with lower debt service payments of \$6.6 million in comparison to prior year during which the 2009 Governmental Center Variable Rate Demand Bonds were paid in the amount of \$9.7 million.

The City is reporting the following funds as major funds: the General Fund, the Housing Special Revenue Fund, the Park Dedication Special Revenue Fund, the City Projects Capital Projects Fund, the Infrastructure Renovation and Replacement Capital Projects Fund, and the Civic Center Capital Project Fund.

General Fund

The General Fund is the chief operating fund of the City. At the end of this fiscal year, total fund balance was \$168.0 million, of which \$93.7 million was unassigned. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures of \$182.0 million. Unassigned fund balance represented 51.5% and total fund balance represented 92.3% of total General Fund expenditures. This balance is largely held for reserves or budgeted for future demands and under or unfunded needs within the 20-year plan.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

The General Fund's fund balance increased by \$37.9 million at the end the fiscal year. Revenues exceeded expenditures by \$45.1 million. Transfers to other funds were \$23.0 million, compared to transfers of \$15.8 million received from other funds. Transfer to other funds were mainly to provide funding for capital projects and operational subsidies.

Total General Fund revenues were \$227.1 million, which represented an increase of \$55.7 million over prior year. Property Taxes, Sales and Use Taxes, and Other Taxes increased by \$12.2 million, \$9.9 million, and \$9.6 million, respectively. Intergovernmental Revenues and Service Fees were higher by \$26.5 million and \$3.0 million compared to prior year. However, the increased revenues were offset by a decrease of investment earnings of \$11.0 million due to decreases in fair value of investments. Refer to the revenue highlights in the preceding section about government-wide analysis for additional details.

Total General Fund expenditures were \$182.0 million, which was \$7.2 million higher than prior year. Library & Recreation Services had the highest expenditure increase of \$3.8 million as the City re-instated its recreation activities programs, re-hired seasonal help, and recruited for positions held vacant in prior years due to limits placed on City's recreational services and programs in compliance with the state and local public health mandates. Community Development expenditures were higher by \$1.9 million, which was primarily due to a disbursement of \$1.5 million to Sunnyvale Community Services (SCS) to provide funding to make necessary improvements to their new building. The City maintains a collaborative relationship with the SCS, which is a local non-profit emergency assistance agency with a mission to prevent homelessness and hunger in the community.

Public Safety program expenditures decreased by \$4.1 million primarily due to the initiation of recording leave expenditures on actual usage in lieu of the pre-determined charge rate applied in prior years.

The City's ARPA funds allocated share was \$28.2 million, which was utilized to replace general revenue losses incurred due to the Pandemic. The entire amount was disbursed in supporting public safety services during FY 2021/22. The receipt of ARPA funds and corresponding public safety expenditures were accounted in a separate subfund and incorporated into the General Fund for financial reporting purposes.

Housing Special Revenue Fund

The Housing Special Revenue Fund is used to account for housing impact fees and Below-Market-Rate Housing (BMR) fees, fines, and activity of loans to qualified borrowers. Expenditures are for operating activities related to developing affordable housing and managing the City's BMR program, and for capital and special projects that produce new and affordable housing.

The Housing Special Revenue Fund increased its fund balance by \$33.2 million. Total revenue and total expenditures were \$44.8 million and \$1.3 million, respectively. The fund received a transfer of \$1.0 million from the Low and Moderate Income Housing Asset Fund to redevelop a City property into an affordable housing complex. The Fund transferred out \$11.2 million to the General Fund in an exchange of a real estate property, which is designated to be used in an affordable housing project. During FY 2021/22, new housing loans in the amount of \$17.1 million were disbursed and loan repayments of \$1.1 million were received.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

Park Dedication Special Revenue Fund

The Park Dedication Fund accounts for funds that developers contribute towards the acquisition, construction, or renovation of neighborhood parks. Fund balance decreased by \$2.8 million. Total revenue was \$18.5 million. Transfers to other City funds for park-related projects amounted to \$2.4 million. The Fund had capital outlay expenditures of \$19.0 million, which included Fair Oaks Park renovation and enhancements, including an all-inclusive playground project (\$8.0 million), parks-related construction costs for the new Civic Center (\$5.2 million), the Washington Community Swim Center renovation (\$0.9 million) and several parks facilities renovation and enhancements projects (\$4.9 million). The transferred funds are to cover expenditures of several projects associated with renovation, rehabilitation, and improvements of the City parks facilities.

Park in-lieu fees must be committed within a five-year period. A portion of this revenue source is subject to the Fee Mitigation Act (AB 1600), which requires specific review and findings every five years. The City conforms to these requirements.

City Projects Capital Projects Fund

The City Projects Capital Projects Fund is used to account for financial resources that are restricted to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Major funding sources include grants and development fees.

The City Projects Capital Project Fund had an increase in its fund balance of \$6.6 million. Total revenues were higher than expenditures by \$10.6 million. The Fund service fee revenue increased by \$25.2 million, which was mainly due to higher collection of transportation impact fees of \$10.7 million and developer contributions of \$15.6 million designated for capital projects to benefit the community. The Fund had capital outlay expenditures of \$20.5 million, which included an acquisition of a real estate property for transportation improvement projects for \$8.5 million, Fair Oaks Avenue Overhead Bridge repair and improvements of \$8.3 million, and several bike lane and streetscape construction and pedestrian/bicycle safety improvement projects totaling over \$3.7 million.

Infrastructure Renovation and Replacement Capital Projects Fund

The Infrastructure Renovation and Replacement Capital Projects Fund accounts for projects related to the City's Long-Range Infrastructure Plan for the renovation and replacement of existing general capital assets. Fund balance increased by \$2.7 million when compared to prior year. Capital outlay expenditures were \$14.9 million, of which \$12.6 million were spent on the Civic Center Modernization project and \$2.4 million on the Fair Oaks Park All-Inclusive Playground project. The General Fund and the City Projects Capital Project Fund transferred of \$15.5 million and \$3.8 million, respectively, to the fund to improve and enhance City capital assets and equipment. The fund balance is assigned for various planned infrastructure projects per the City's 20-year Financial Plan.

Civic Center Capital Project Fund

The Civic Center Capital Project fund accounts for 2020 lease revenue bond proceeds being spent on the Civic Center Modernization Project. The fund balance decreased to \$27.6 million from prior year fund balance of \$107.9 million. Capital outlay expenditures were \$80.0 million, which were exclusively for the construction of the new Civic Center.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

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 greater detail. The major factors concerning these funds are addressed in the government-wide financial analysis of business-type activities.

Water Supply and Distribution Enterprise Fund

The Water Supply and Distribution Enterprise Fund's net position increased by \$16.6 million. Charges for services were higher by \$6.4 million or 10.4% compared to prior year mainly due to higher water connection fees. Operating expenses had a net decrease of \$1.0 million over prior year. Water purchased for resale costs were lower by \$1.4 million due to water saving efforts in place during drought conditions. However, the expense decrease was partially offset by higher contractual services and utilities costs of \$0.5 million than prior year. Non-cash capital contributions were \$2.8 million. The fund's net income before contributions and transfers was \$14.7 million.

Wastewater Management Enterprise Fund

The Wastewater Management Enterprise Fund's net position increased by \$35.4 million. Operating revenue was higher by \$19.4 million mainly due to higher sewer connection fees as several large building construction permits were approved during current year. Operating expenses were lower by \$2.3 million than prior year due to decreases in pension and OPEB expense for the year. The fund's net income before contributions and transfers was \$34.5 million. Non-cash capital contributions were \$2.3 million. \$1.5 million was transferred out for facility and project support. Capital improvements to the City's aging wastewater treatment plant and collection system were funded by increased service fee rate revenues and low-cost loan programs.

Solid Waste Management Enterprise Fund

The Solid Waste Management Enterprise Fund's net position increased \$2.5 million over prior year. Service revenue increased by \$3.7 million and operating expenses were higher by \$5.1 million over prior year. The expense increase was caused by higher contractual services costs of \$4.5 million associated with hauling and disposal waste services and to comply with state mandates to increase recycling. The Fund's net income before contributions and transfers was \$3.9 million, which was lower by \$2.4 million from prior year. \$1.4 million was transferred out for facility and project support. At year end, advances from the General Fund was \$6.3 million and landfill liability was \$6.9 million.

SMaRT Station Enterprise Fund

The SMaRT Station Enterprise Fund's net position increased by \$0.7 million from prior year. The operating revenue was higher by \$0.5 million than prior year. A net decrease to total expenses totaled \$0.8 million, which was mainly due to decreases in depreciation expense by \$1.0 million and taxes, licenses, and fees by \$1.7 million. However, contractual costs were higher by \$2.2 million from prior year primarily due to higher hauling and disposal costs and one of the cost sharing agencies ceased participation in the program, increasing Sunnyvale's portion of total program costs.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

Development Enterprise Fund

The Development Enterprise Fund's net position increased to \$43.9 million from \$38.5 million in prior year. The development activities were strong during current year as construction of several multiple dwelling units and commercial development projects resumed. The fund's operating expenses amounted to \$13.7 million, which were lower by \$3.1 million from prior year. Personnel services expenses were lower by \$2.3 million mainly due to reduction in pension and OPEB expenses for the year.

Operating expenses involve the administration and regulation of development-related activity, which is comprised of building safety and planning, fire prevention and hazardous material service, transportation and traffic services, and land development engineering services across the City departments. These are predominantly fixed costs to be recovered over the long term to average out the high- and low-level activity years.

Golf and Tennis Operations Enterprise Fund

The Golf and Tennis Enterprise Fund's net position increased by \$1.8 million from prior year. The fund's net income before transfers was \$0.3 million. Transfers from the General Fund were \$1.5 million, which supplemented the operational expenses.

Fiduciary Funds

Listed below are significant financial transactions reported during this fiscal year:

- The Other Postemployment Benefit Trust Fund maintains fiduciary funds for the assets of the City's Retiree Healthcare Plan, which had a decrease of \$17.1 million in net position. The City made a direct contribution of \$3.3 million to the Plan. The net depreciation of value of investments was \$23.1 million mainly due to recent market fluctuations and rising interest rate environment.
- The Private-Purpose Trust Funds primarily account for the Redevelopment Successor Agency (RSA), which had a deficit net position of \$12.2 million as of June 30, 2022, compared with a deficit position of \$11.4 million at June 30, 2021.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

The budgetary comparison schedule for the General Fund is presented as the Required Supplementary Information following the Notes to the Basic Financial Statements.

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

- Amendments to existing appropriations to reflect Council-approved changes to operating programs or capital projects.
- New appropriations approved by City Council.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

E. GENERAL FUND BUDGETARY HIGHLIGHTS, Continued

Final appropriations, including transfers to other funds, for FY 2021/22 were \$260.6 million, an increase of \$58.4 million from the original appropriations of \$202.2 million when prior year carryover is included. This increase reflects net changes to appropriations associated with adjustments during the FY 2022/23 budget development process, appropriation modifications, and carryovers. Actual charges to appropriations (outflows) for the current year were \$15.3 million over the original budget and \$43.2 million under the final budget. Variations between the original and final amended appropriations are explained in the Required Supplementary Information. Actual cost savings in operating programs were \$4.8 million and project and equipment appropriations (including transfers) of \$45.2 million contributed to the \$43.2 million positive variance. Approximately \$35.2 million in appropriations will not lapse at the end of the fiscal year as projects continue.

Resources (inflows) available for appropriations were \$32.3 million over the original budget when proceeds of property sale, transfers, and interfund revenues are excluded. Actual revenue was \$15.4 million over the final budgeted amounts. During the FY 2021/22 budget process, revenues were analyzed and amended to reflect the actual trends based upon mid-year review of revenues collections, State remittances, information from consultants. Of significance was receipt of the second tranche of \$14.1 million of American Rescue Plan Act (ARPA) funding to offset the economic impacts of the COVID-19 pandemic that was received as planned. Sales Tax and Other Taxes that included Transient Occupancy Tax (TOT) and Real Property Transfer Tax demonstrated faster recovery than anticipated in the original budget – Sales and Use Taxes exceeded its original budget by \$8.0 million and Other Taxes by \$6.4 million. Additionally, the City received \$13.8 million in Excess ERAF that the City continues to budget conservatively to mitigate the risk of claw back of these funds due to ongoing litigation.

F. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

Capital assets including infrastructure are assets that are used in the performance of the City's functions. At June 30, 2022, the City reported capital assets with carrying value of \$804.2 million under governmental activities and \$325.9 million under business-type activities.

The City has elected to use the "Modified Approach" as defined by GASB Statement No. 34 for its Street Pavement System under infrastructure assets. According to 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.

Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

F. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued

The City policy is to achieve a Pavement Condition Index (PCI) rating of 75 or over for all streets. This rating represents a “Good” or better condition based on a regional measurement scale. While City policy is to achieve a PCI of at least 75, funding for rehabilitation and maintenance of City streets was increased starting the FY 2012 in an effort to achieve a PCI of 80 or above within five years, which is considered the most cost-effective PCI to maintain. The average rating for City’s streets, based on the most recent study conducted during FY 2021/22, was 76. The City’s streets are constantly deteriorating as a result of the following four factors: (1) traffic use of 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 reduce the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair. The City’s budget for street maintenance (pavement preventive maintenance and corrective repairs) for the fiscal year ended June 30, 2022 as \$19.2 million. Actual expenditures were \$7.4 million. These expenditures delayed deterioration and helped maintain the overall condition of the streets at a PCI level meeting the City’s goal.

The following is a summary of the City’s capital assets as of June 30, 2022 (amounts in millions).

Description	Cost	Accumulated Depreciation & Amortization	Carrying Value
Capital Assets - Governmental Activities:			
Land	\$ 190.7	\$ -	\$ 190.7
Buildings and Structures	123.2	73.4	49.8
Improvements Other than Buildings	171.9	71.7	100.2
Machinery and Equipment	53.9	34.8	19.1
Construction in Progress	233.6	-	233.6
Infrastructure:			
Nondepreciable	174.6	-	174.6
Depreciable	107.3	71.1	36.2
Total	<u>\$ 1,055.2</u>	<u>\$ 251.0</u>	<u>\$ 804.2</u>
Capital Assets - Business-Type Activities:			
Land	\$ 16.5	\$ -	\$ 16.5
Buildings and Structures	23.5	22.9	0.6
Improvements Other than Buildings	50.6	42.4	8.2
Machinery and Equipment	8.2	6.9	1.3
Construction in Progress	193.3	-	193.3
Infrastructure - Depreciable	217.0	111.8	105.2
Subtotal	<u>509.1</u>	<u>184.0</u>	<u>325.1</u>
Amortized Leased Assets:			
Right to use Leased Asset	0.9	0.1	0.8
Total	<u>\$ 510.0</u>	<u>\$ 184.1</u>	<u>\$ 325.9</u>

Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

F. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued

During the year, the City recorded capital contributions from external sources. Developers contributed capital assets (park and park improvements, streets, easements, traffic signals, and lights) with estimated acquisition value of \$58.1 million to governmental activities. Developers also contributed infrastructure assets of a combined \$5.2 million to business-type activities.

There are several capital projects which were still in progress at year end. Amounts capitalized for major capital projects in progress were \$98.1 million for Phase I construction of the new Civic Center and Emergency Operation Center, \$8.5 million for Fair Oaks Park Overhead Bridge improvements, \$7.1 million for Fair Oaks Park renovation and enhancements, and \$3.4 million for All-Inclusive Playground at Fair Oaks Park. The Wastewater management system included \$6.3 million for costs of a major project for the construction of new secondary treatment facilities at the Water Pollution Control Plant. Note 15 presents schedules of outstanding construction commitments for the construction in progress, which also include construction contracts signed as of June 30, 2022. It should be noted that project costs capitalized often include other items such as consultant fees which are outside of the construction commitments schedules.

Additional information on capital assets can be found in Note 11 to the Basic Financial Statements.

Long-Term Obligations

As of June 30, 2022, the City had outstanding bonded obligations as listed below. Not included in the following table are the Community Facilities District No.1 Special Tax Bonds, 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 those bonds. Each of the City’s other bonds are backed by specific revenue sources.

The City’s outstanding bonded debt obligations at the end of fiscal years 2022 and 2021 are presented in the schedule below (amounts in millions).

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	2021	2022	2021	2022	2021
Certificates of Participation	\$ 1.3	\$ 2.4	\$ -	\$ -	\$ 1.3	\$ 2.4
Revenue Bonds	149.8	150.4	35.7	37.7	185.5	188.1
Note Payable	-	-	114.2	106.0	114.2	106.0
Total Bonded Debt	\$ 151.1	\$ 152.8	\$ 149.9	\$ 143.7	\$ 301.0	\$ 296.5

Additional information on long-term debt and liabilities can be found in Note 12 to the Basic Financial Statements.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The fiscal year 2022/23 Adopted Budget adopted on June 21, 2022, focuses on the City's operations by allocating resources in our eleven operating departments required to sustain public services. As we focus on operations, part of the normal course of the budget process includes some project budget adjustments as well. This budget strives to maintain the high level of service that our community values and invests in Council's strategic priorities while balancing continued economic uncertainty due to the COVID-19 pandemic and international conflict. This budget presents a cautiously optimistic outlook and assumes pre-pandemic City programming and full restoration of services, positive revenue growth trends, and moderated pension cost projections. These favorable financial conditions are offset by inflationary pressures, an evolving regulatory environment, demand for increases in City services, and long-term infrastructure needs.

FY 2022/23 Budget Highlights:

- Revises revenue projections to reflect positive trends
- Maintains rate increases planned for water, wastewater, and garbage utilities
- Includes significant increases for goods and services to address inflation
- Retains infrastructure investment contributions
- Incorporates operating costs/savings for new parks and civic center
- Updates salary and benefit assumptions for employees

The foundation to the City's financial planning continues to be short-term action planning and performance-based long-term planning while ensuring all City Charter and Policy requirements are met. By City charter and Council policy, our budget must balance to ten and twenty years. We were able to accomplish this by strategic use of the City's reserves and American Rescue Plan Act (ARPA) funding.

Our finances are moving in the right direction. On the revenue side, Property Tax is experiencing strong growth, while Sales Tax and Transient Occupancy Tax have stabilized and are slowly recovering. On the expenditure side, there has been a significant reduction in projected pension costs as a result of strong returns achieved by CalPERS in FY 2020/21. Funding from the ARPA has been critical to our ability to balance the budget. This funding backfilled a part of the lost revenue resulting from the pandemic and allowed the City to weather the economic impact of the pandemic, maintaining core services with moderate and largely temporary spending reductions.

The City entered the FY 2022/23 budget process with three broad goals in mind: 1) restoring services that were reduced due to the impact of COVID-19 the past two years; 2) maintaining existing service levels and funding prior commitments; and 3) identifying investment opportunities to enhance or add new services in support of Council priorities.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Staff completed a detailed review of each City operating program in three stages. First, we reviewed our organizational structure to align resources with operations. Then, evaluated adjustments to the baseline budget required to maintain existing service levels. Lastly, we evaluated enhancements to service levels, such as additional capacity or addition of new services. Through this process, we were able to strategically restore the City's full suite of services by unfreezing sixteen positions across the City:

- Department of Public Safety – Five positions
- Community Development Department – Four positions
- Department of Public Works – Three positions
- Human Resources – One position (unfrozen mid-year)
- Information Technology Department – One position
- Library and Recreation Services – Two positions (one full time and four part time remain frozen until opening of the Branch Library)

In terms of operating budget baseline adjustments to meet existing service levels, we incorporated a 5% base inflation factor to for goods and services to address inflation and updated contract line items to reflect the rising cost of contractual agreements. In addition, we incorporated costs and savings associated with several large projects coming online, such as:

- \$191,000 per year in new operating costs to operate and maintain a new six and half-acre park at the old Advanced Micro Devices site (now Muwekma Park)
- \$362,000 per year in building and grounds maintenance for the Civic Center Phase I project, offset by anticipated electricity savings of \$467,000 per year for a net annual savings of \$105,000.

Several service level adjustments were also approved to further the City's strategic goals. These service level adjustments allow the City to provide greater capacity and expertise to sustain the desired level of effort for several priority initiatives:

- Established permanent manager and support to staff to further equity, access, and inclusion
- Added a manager and support staff to enhance economic development efforts
- Added permanent resources to meet ongoing demand associated with development activity

Though FY 2022/23 budget development primarily focused on operating, there were also several significant midcycle project budget updates:

- Adjusted capital projects entering construction with over 13% inflation factor
- Added funding for priority projects: New Fire Station 2, Stormwater Permit Implementation, Golf Irrigation System Replacement
- Continued funding for ongoing efforts of stormwater and wastewater management, climate action, active transportation, park renovation, etc.
- \$8.5 million for public safety recruitment

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

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

Additionally, the FY 2022/23 budget maintains total compensation assumptions. The City takes a careful approach to budgeting total compensation. The components of compensation (salaries, benefits, and retirement) all escalate at different rates, and some (e.g., pensions) compound the fiscal impact of increases in salary. Overall, compensation costs are budgeted to increase 5% the first year and then approximately 3% (dependent largely on the growing impact of pension rates) over the first ten years of the planning period.

For managing growth of pension costs on a long-term basis, the City has taken several actions, including implementing reduced benefit second- and third-tier pension plans for new employees, negotiating labor agreements with sustainable salary increases, identifying compensation incentives that do not impact PERSable wages, and maintaining reserves to fund long-term pension and healthcare liabilities. For FY 2022/23, the City is projected to contribute \$56.2 million for pensions to CalPERS. That is anticipated to increase to \$75 million in FY 2030/31, an approximate 33.5% increase in cost before leveling off in FY 2031/32 due to the “fresh start” the City implemented in FY 2013/14 with CalPERS. This “fresh start” took all the unfunded liability at that time and amortized it over a fixed number of years. For the City’s Miscellaneous Plan, it was 18 years, and for the Safety Plan it was 28 years. The funding ratios of City’s two plans (Safety and Miscellaneous) are approximately 66.2% and 69.2%, respectively. For the FY 2022/23 Budget, employer contribution rates are set at 64.2% for the Safety Plan and 36.2% for the Miscellaneous Plan. For the last decade, CalPERS has implemented significant changes in its amortization and rate smoothing policies to de-risk the system, which has caused short-term volatility in the City’s payment for pensions. Several years of hard work in strategic planning and taking appropriate actions for funding the significant increases in pension payments has shown positive results even after including CalPERS’s recent amortization policy changes, which shortens the amortization period for gains and losses from 30 to 20 years.

The Adopted Budget continues an annual \$1 million dollar contribution to the Pension Trust Fund through the FY 2027/28. This fund enables the City to reserve funds for pension cost uncertainty, keep those funds locally controlled, and prefund pension costs – all while earning a higher return when compared to regular pooled cash investments. The City will start drawing on the fund in the FY 2028/29 to help stabilize the peak years of CalPERS payments.

The City also continues to experience pressures from demands of a growing and evolving city, including:

Personnel Resources Demands – One of the most imminent challenges is the City’s ability to attract and retain talent as attrition rates are high due to retirements and other factors. Employees in skilled positions with public sector experience are in strong demand and the market is quite competitive.

Moreover, year-after-year increases in commercial/industrial and residential development bring with it a much higher demand for services including safety, parks and open space, traffic management, utilities and more. A higher demand for services leads to increases in the existing staff workloads at all levels of the organization. To address immediate and future needs for personnel resources, the City has taken several approaches, most notably, adding term-limited positions and/or contract staffing for creating a buffer of resources to allow adequate staffing when needed. With the FY 2022/23 Budget, the City was able to make several term-limited

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2022

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

positions permanent, such as to sustain the elevated workload associated with development activity. However, these additional permanent resources minimally address the gap between workload and staff capacity across City functions. As demands continue to pressure our existing assets, the City will continue to look to strategically add resources to meet targeted service level requirements.

Environmental and Regulatory Demands – Stricter regulatory requirements in stormwater management and efforts to reduce greenhouse gas emissions through Accelerating Climate Action impact costs and resources in many ways across both the General Fund and the Utility Funds. The Sunnyvale Water Pollution Control Plant (WPCP), an advanced wastewater treatment facility, now requires significant upgrades to meet environmental and regulatory requirements, as well as accommodate the growth Sunnyvale has experienced over the past sixty years. The Master Plan, which was approved by City Council in August of 2016, serves as a long-term guide for replacing the WPCP's facilities and operations as part of the Sunnyvale Clean Water Program (SCWP), with costs estimated at approximately \$1 billion over twenty years. The 2022/23 Budget includes the next phase of the SCWP totaling \$450 million. The City anticipates issuing long-term debt, specifically low-cost loans such as an approved Water Infrastructure Finance and Innovation Act (WIFIA) federal loan, to fund planned capital improvements in the Utility Funds in addition to seeking grant funds where possible.

The FY 2022/23 Budget also includes several other noteworthy projects to address environmental regulations, such as implementation of the requirements associated with Municipal Regional Permit (MRP) regulations.

The City operates under the terms of a Municipal Regional Permit (MRP) for Stormwater discharge issued by the Regional Water Quality Control Board and must comply with these permit regulations.

Additionally, the Budget includes funding to meet existing organics and recycling regulations for the commercial and multifamily sector (AB 1826 and AB 341), new regulations requiring the collection of

organics from all sectors (SB 1383), and the Zero Waste Strategic Plan goal of 90% diversion by 2030. Among other methods, implementation of new Sunnyvale Materials Recovery and Transfer (SMaRT) equipment to increase the diversion rate is required and \$30.0 million has been included for rehabilitation of the SMaRT station, including major equipment replacement.

Demands from aging infrastructure – the City's aging administrative, parks, and utility infrastructure require resources to renovate and bring up to today's standards. The FY 2022/23 Budget continues investments in updating this public infrastructure. The City has updated cost assumptions based on recent market conditions (i.e., rising costs due to inflation, supply chain issues, etc.) for infrastructure projects. In addition, with the savings the City realized with financing for the Civic Center Modernization project, the City was able to allocate \$40.8M for a new Fire Station 2. The FY 2022/23 Budget also continues phase II planning per the Civic Center Master Plan,

which includes a new main library. The City continues to evaluate the conditions of its infrastructure needs and available financing sources for unfunded capital projects.

*Management's Discussion and Analysis, Concluded
Fiscal Year Ended June 30, 2022*

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

Other risks:

- Lingering COVID-19 Pandemic and persistent economic uncertainty
- Inflationary environment and tightening monetary policy impacting interest rates, exacerbating spending pressures, and reducing purchasing power
- Possibly permanent shift in the economy affecting Sales Tax and TOT over the long term
- Economic impact of climate change (i.e., drought, wildfires, etc.)

In summary, the City enters FY 2022/23 with a plan that meets essential service level requirements in a shifting regulatory environment and continues investment to sustain core public services and move key projects forwards. The City maintains reserves in several funds for specific expenses and to address economic conditions or emergencies. Long-term planning and the disciplined practice of maintaining robust reserves is one of Sunnyvale's strengths and having sufficient reserves has helped us navigate economic uncertainty. Uncertainty with revenue, increasing pension costs due to market instability, deferred infrastructure improvements, tightening environmental regulatory environment, and recruitment and retention of employees will continue to present challenges. Continuing to address these challenges and balance the many competing priorities that the city faces will be critical in developing the budget going forward to ensure fiscal sustainability.

H. REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, 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.

Government-Wide Financial Statements

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**Statement of Net Position
June 30, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Deposits and Investments Held by City (Note 3)	\$ 266,228,070	\$ 263,398,316	\$ 529,626,386
Receivables, Current (Note 4)	13,460,467	28,627,420	42,087,887
Inventories and Prepaid Items (Note 1)	2,290,904	211,244	2,502,148
Assets Held for Resale (Note 1)	1,381,077	-	1,381,077
Long-term Receivables from Employees (Note 6)	3,818,449	-	3,818,449
Lease Receivable (Note 14)	4,071,873	6,682,256	10,754,129
Service Concession Arrangement Receivable (Note 1)	-	1,528,755	1,528,755
Internal Balances (Note 10)	8,125,557	(8,125,557)	-
Restricted Assets:			
Deposits and Investments Held by City (Note 3)	293,743,578	10,489,934	304,233,512
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	72,692,699	4	72,692,703
Receivables, Current (Note 4)	3,147,045	-	3,147,045
Intergovernmental Receivables (Note 5)	9,909,413	253,903	10,163,316
Housing Loans Receivable, Net (Note 7)	85,113,889	-	85,113,889
Capital Assets (Note 11):			
Land and Nondepreciable Assets	599,003,586	209,759,164	808,762,750
Depreciable Assets, Net	205,173,119	116,151,513	321,324,632
Total Assets	<u>1,568,159,726</u>	<u>628,976,952</u>	<u>2,197,136,678</u>
Deferred Outflows of Resources (Note 9)	<u>54,297,673</u>	<u>10,777,299</u>	<u>65,074,972</u>
Liabilities:			
Wages Payable	2,012,736	-	2,012,736
Accounts Payable and Accrued Liabilities	27,602,440	20,336,835	47,939,275
Refundable Deposits	2,201,518	2,372,100	4,573,618
Interest Payable	1,279,481	5,063,621	6,343,102
Unearned Revenues (Note 8)	35,300	278,148	313,448
Noncurrent Liabilities:			
Due within One Year - Long-term Obligations (Note 12)	20,274,594	2,930,728	23,205,322
Due in More than One Year:			
Long-term Obligations (Note 12)	174,335,434	156,050,060	330,385,494
Net Pension Liability (Note 16)	220,044,770	36,774,800	256,819,570
Net OPEB Liability (Note 17)	30,044,407	6,442,367	36,486,774
Total Liabilities	<u>477,830,680</u>	<u>230,248,659</u>	<u>708,079,339</u>
Deferred Inflows of Resources (Note 9)	<u>126,060,280</u>	<u>24,717,612</u>	<u>150,777,892</u>
Net Position (Note 19):			
Net Investment in Capital Assets	<u>681,963,670</u>	<u>175,053,775</u>	<u>857,017,445</u>
Restricted for:			
Capital Projects	97,069,454	-	97,069,454
Housing	170,058,978	-	170,058,978
Park Dedication	82,786,676	-	82,786,676
Public Streets and Highways	18,557,648	-	18,557,648
Law Enforcement	1,138,815	-	1,138,815
Other City Programs	2,794,669	5,270,934	8,065,603
Nonexpendable Permanent Funds Principal and Endowment	2,261,518	-	2,261,518
Total Restricted Net Position	<u>374,667,758</u>	<u>5,270,934</u>	<u>379,938,692</u>
Unrestricted Net Position	<u>(38,064,989)</u>	<u>204,463,271</u>	<u>166,398,282</u>
Total Net Position	<u>\$ 1,018,566,439</u>	<u>\$ 384,787,980</u>	<u>\$ 1,403,354,419</u>

See Accompanying Notes to the Basic Financial Statements

Statement of Activities
Year Ended June 30, 2022

Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Planning and Management	\$ 18,260,775	\$ 1,164,121	\$ 568,457	\$ 55,000	\$ 1,787,578
Public Safety	86,274,733	4,144,151	28,601,967	783,547	33,529,665
Community Development	10,341,484	73,002,217	16,536,793	2,843,131	92,382,141
Public Works	35,280,456	12,709,774	12,609,799	67,395,803	92,715,376
Environmental Services	2,494,676	-	-	-	-
Library and Recreation Services	20,524,890	4,645,478	292,263	140,543	5,078,284
NOVA Workforce Services	5,875,507	-	8,498,408	-	8,498,408
Interest on Long-term Debt	4,525,380	-	-	-	-
Total Governmental Activities	183,577,901	95,665,741	67,107,687	71,218,024	233,991,452
Business-Type Activities:					
Water Supply and Distribution	50,104,183	67,852,723	-	2,847,200	70,699,923
Wastewater Management	32,256,851	69,679,392	-	2,340,500	72,019,892
Solid Waste Management	49,509,313	54,106,613	-	-	54,106,613
SMaRT Station	26,250,905	26,943,444	-	-	26,943,444
Development	13,731,705	23,903,836	-	-	23,903,836
Golf and Tennis Operations	4,654,447	5,041,136	-	-	5,041,136
Total Business-Type Activities	176,507,404	247,527,144	-	5,187,700	252,714,844
Total Primary Government	\$ 360,085,305	\$ 343,192,885	\$ 67,107,687	\$ 76,405,724	\$ 486,706,296
General Revenues:					
Taxes:					
Property Taxes					
Sales and Use Taxes					
Franchise Fees - Unrestricted					
Utilities Users Taxes					
Transient Occupancy Taxes					
Real Property Transfer Taxes					
Construction Taxes					
Business License Taxes					
Total Taxes					
Investment Earnings - Unrestricted (Note 3)					
Interest Accrued-Advances to Business-Type Activities - Unrestricted					
Transfers (Note 18)					
Total General Revenues and Transfers					
Change in Net Position					
Net Position - Beginning of Year					
Net Position - End of Year					

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (16,473,197)	\$ -	\$ (16,473,197)
(52,745,068)	-	(52,745,068)
82,040,657	-	82,040,657
57,434,920	-	57,434,920
(2,494,676)	-	(2,494,676)
(15,446,606)	-	(15,446,606)
2,622,901	-	2,622,901
(4,525,380)	-	(4,525,380)
50,413,551	-	50,413,551
-	20,595,740	20,595,740
-	39,763,041	39,763,041
-	4,597,300	4,597,300
-	692,539	692,539
-	10,172,131	10,172,131
-	386,689	386,689
-	76,207,440	76,207,440
50,413,551	76,207,440	126,620,991
113,499,852	-	113,499,852
35,807,072	-	35,807,072
7,221,935	-	7,221,935
8,594,301	-	8,594,301
10,584,492	-	10,584,492
2,952,570	-	2,952,570
5,548,089	-	5,548,089
2,045,190	-	2,045,190
186,253,501	-	186,253,501
(24,303,567)	(10,277,172)	(34,580,739)
452,713	-	452,713
3,099,577	(3,099,577)	-
165,502,224	(13,376,749)	152,125,475
215,915,775	62,830,691	278,746,466
802,650,664	321,957,289	1,124,607,953
\$ 1,018,566,439	\$ 384,787,980	\$ 1,403,354,419

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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 ***Housing Special Revenue Fund*** accounts for local housing mitigation revenues and Below-Market-Rate (BMR) receipts. Funds are expended on special and capital projects designed to achieve the City's goal of affordable housing and community development. The City also utilizes revenues recorded in this Fund to make housing loans for the acquisition, rehabilitation, new construction and predevelopment costs of affordable housing.

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

The ***City Projects Fund*** accounts for major capital acquisition or construction projects associated with governmental activities. The projects may be funded by grants, development fees, and transfers from other City funds.

The ***Infrastructure Renovation and Replacement Fund*** accounts for projects related to the City's Long-Range Infrastructure Plan for the renovation and replacement of existing general capital assets.

The ***Civic Center Capital Project Fund*** accounts for 2020 Lease Revenue Bonds proceeds issued to finance construction costs of the Civic Center Modernization Project.

CITY OF SUNNYVALE

**Balance Sheet
Governmental Funds
June 30, 2022**

	Major Funds		
	General Fund	Housing Special Revenue	Park Dedication Special Revenue
Assets:			
Deposits and Investments Held by City (Note 3)	\$ 131,815,138	\$ 75,572,107	\$ 84,423,691
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	1,309,781	-	-
Receivables, Current (Note 4)	12,876,215	1,031,991	342,006
Intergovernmental Receivables (Note 5)	1,835,818	-	-
Due From Other Funds (Note 10)	32,061,824	675,803	-
Advances to Other Funds (Note 10)	11,123,324	-	-
Inventories and Prepaid Items (Note 1)	621,786	-	-
Long-term Receivables from Employees (Note 6)	590,228	-	-
Lease Receivable (Note 14)	2,946,758	-	-
Housing Loans Receivable (Note 7)	-	59,513,598	-
Assets Held for Resale (Note 1)	1,101,077	280,000	-
Total Assets	<u>\$ 196,281,949</u>	<u>\$ 137,073,499</u>	<u>\$ 84,765,697</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 2,717,093	\$ 18,704	\$ 1,979,021
Refundable Deposits	2,128,000	-	-
Due to Other Funds (Note 10)	-	-	-
Unearned Revenue (Note 8)	8,000	-	-
Total Liabilities	<u>4,853,093</u>	<u>18,704</u>	<u>1,979,021</u>
Deferred Inflows of Resources (Note 9)	<u>23,407,963</u>	<u>4,214,325</u>	<u>-</u>
Fund Balances (Note 19):			
Nonspendable	2,909,831	-	-
Restricted	3,762,282	132,840,470	82,786,676
Committed	67,641,449	-	-
Assigned	-	-	-
Unassigned	93,707,331	-	-
Total Fund Balances	<u>168,020,893</u>	<u>132,840,470</u>	<u>82,786,676</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 196,281,949</u>	<u>\$ 137,073,499</u>	<u>\$ 84,765,697</u>

See Accompanying Notes to the Basic Financial Statements

City Projects	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	Infrastructure Renovation and Replacement	Civic Center Capital Project		
\$ 98,270,819	\$ 82,116,064	\$ 5,225,508	\$ 27,689,026	\$ 505,112,353
-	-	61,175,541	-	62,485,322
197,635	250,399	173,890	1,343,450	16,215,586
5,089,637	-	-	2,983,958	9,909,413
-	-	-	-	32,737,627
-	-	-	-	11,123,324
-	-	-	70,928	692,714
-	-	-	-	590,228
1,125,115	-	-	-	4,071,873
-	-	-	25,600,291	85,113,889
-	-	-	-	1,381,077
<u>\$ 104,683,206</u>	<u>\$ 82,366,463</u>	<u>\$ 66,574,939</u>	<u>\$ 57,687,653</u>	<u>\$ 729,433,406</u>
\$ 6,399,417	\$ 5,566,045	\$ 8,017,871	\$ 1,323,636	\$ 26,021,787
65,000	-	-	-	2,193,000
-	-	30,974,608	1,763,019	32,737,627
27,300	-	-	-	35,300
<u>6,491,717</u>	<u>5,566,045</u>	<u>38,992,479</u>	<u>3,086,655</u>	<u>60,987,714</u>
<u>5,169,251</u>	<u>-</u>	<u>-</u>	<u>7,699,602</u>	<u>40,491,141</u>
-	-	-	1,626,715	4,536,546
93,022,238	-	27,582,460	45,951,026	385,945,152
-	-	-	-	67,641,449
-	76,800,418	-	-	76,800,418
-	-	-	(676,345)	93,030,986
<u>93,022,238</u>	<u>76,800,418</u>	<u>27,582,460</u>	<u>46,901,396</u>	<u>627,954,551</u>
<u>\$ 104,683,206</u>	<u>\$ 82,366,463</u>	<u>\$ 66,574,939</u>	<u>\$ 57,687,653</u>	<u>\$ 729,433,406</u>

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**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2022**

Total Fund Balances - Total Governmental Funds	\$ 627,954,551
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 funds. This amount represents, at June 30, 2022, capital assets used by governmental activities excluding \$32,605,761 of capital assets used by Internal Service Funds.	771,570,944
Internal Service Funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net position (the net position of the internal service funds of \$35,435,015 less amount owed to business-type activities for internal service funds activities of \$2,997,767 at year end).	32,437,248
Other long-term assets are not available to pay for current expenditures and are deferred inflows of resources in the funds:	
Advances to business-type activities	11,123,324
Interest accrued on receivables from employees	38,063
Long-term receivables from special capital assessments	5,628
Unpaid administrative citations placed on tax roll	26,950
Proposition 172 revenue	178,734
State, County, and other agency cost reimbursements	1,435,525
Long-term housing loans interest portion	11,083,766
Eligible expenditures to be reimbursed by grants	4,877,377
Bonds payable is not reported as fund liabilities.	(151,045,495)
Interest payable on bonds, not due and payable in the current period, is not reported in the funds.	(1,279,481)
Pension-related items are not reported in the governmental fund financial statements:	
The following items relate to governmental activities (excluding internal service funds)	
Net pension liability	(206,449,262)
Deferred outflows of resources related to pension	37,661,979
Deferred inflows of resources related to pension	(81,913,399)
OPEB-related items are not reported in the governmental fund financial statements:	
The following items relate to governmental activities (excluding internal service funds)	
Net OPEB liability	(27,929,277)
Deferred outflows of resources related to OPEB	11,778,852
Deferred inflows of resources related to OPEB	(22,989,588)
Net Position of Governmental Activities	\$ 1,018,566,439

CITY OF SUNNYVALE

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022**

	Major Funds		
	General Fund	Housing Special Revenue	Park Dedication Special Revenue
Revenues:			
Property Taxes	\$ 113,499,852	\$ -	\$ -
Sales and Use Taxes	35,807,072	-	-
Other Taxes	29,724,642	-	-
Franchise Fees	7,221,935	-	-
Intergovernmental Revenues	30,356,707	-	-
Permits and Licenses	2,065,751	-	-
Fines and Forfeitures	554,712	-	-
Special Assessments	6,055	-	-
Service Fees	6,792,832	47,833,154	21,785,663
Rents and Concessions	1,706,275	11,000	-
Interest Received from Interfund Advances	4,419,817	-	-
Investment Earnings	(6,607,897)	(3,178,803)	(3,241,879)
Other Revenues	1,558,351	151,160	-
Total Revenues	227,106,104	44,816,511	18,543,784
Expenditures:			
Current:			
Planning and Management	18,534,060	-	-
Public Safety	105,172,892	-	-
Community Development	3,843,224	1,336,838	-
Public Works	25,275,116	5,130	-
Environmental Services	2,532,298	-	-
Library and Recreation Services	22,117,335	-	-
NOVA Workforce Services	681	-	-
Capital Outlay	3,238,713	6,738	18,980,603
Debt Service:			
Principal Retirement	1,150,000	-	-
Interest	91,250	-	-
Fiscal Charges	18,139	-	-
Total Expenditures	181,973,708	1,348,706	18,980,603
Excess (Deficiency) of Revenues Over (Under) Expenditures	45,132,396	43,467,805	(436,819)
Other Financing Sources (Uses):			
Transfers In (Note 18)	15,763,098	1,000,000	-
Transfers Out (Note 18)	(23,021,072)	(11,245,000)	(2,365,733)
Total Other Financing Sources (Uses)	(7,257,974)	(10,245,000)	(2,365,733)
Net Change in Fund Balances	37,874,422	33,222,805	(2,802,552)
Fund Balances, Beginning of Year	130,146,471	99,617,665	85,589,228
Fund Balances, End of Year	\$ 168,020,893	\$ 132,840,470	\$ 82,786,676

See Accompanying Notes to the Basic Financial Statements

City Projects	Major Funds		Nonmajor Other Governmental Funds	Total Governmental Funds
	Infrastructure Renovation and Replacement	Civic Center Capital Project		
\$ -	\$ -	\$ -	\$ -	\$ 113,499,852
-	-	-	-	35,807,072
-	-	-	-	29,724,642
-	-	-	-	7,221,935
7,317,016	-	-	21,412,522	59,086,245
-	-	-	-	2,065,751
-	-	-	-	554,712
-	-	-	-	6,055
28,091,271	-	-	183,106	104,686,026
226,367	-	-	-	1,943,642
-	-	-	-	4,419,817
(4,457,139)	(1,683,450)	(372,847)	(856,128)	(20,398,143)
-	-	-	332,862	2,042,373
<u>31,177,515</u>	<u>(1,683,450)</u>	<u>(372,847)</u>	<u>21,072,362</u>	<u>340,659,979</u>
-	-	-	-	18,534,060
-	-	-	342,634	105,515,526
-	-	-	3,420,403	8,600,465
109,020	-	-	1,217,756	26,607,022
-	-	-	-	2,532,298
-	-	-	-	22,117,335
-	-	-	8,603,380	8,604,061
20,517,004	14,858,861	79,993,971	3,177,486	140,773,376
-	-	-	-	1,150,000
-	-	-	5,055,425	5,146,675
-	-	-	-	18,139
<u>20,626,024</u>	<u>14,858,861</u>	<u>79,993,971</u>	<u>21,817,084</u>	<u>339,598,957</u>
<u>10,551,491</u>	<u>(16,542,311)</u>	<u>(80,366,818)</u>	<u>(744,722)</u>	<u>1,061,022</u>
-	19,273,367	-	5,247,828	41,284,293
(4,000,746)	-	-	(1,368,895)	(42,001,446)
<u>(4,000,746)</u>	<u>19,273,367</u>	<u>-</u>	<u>3,878,933</u>	<u>(717,153)</u>
6,550,745	2,731,056	(80,366,818)	3,134,211	343,869
86,471,493	74,069,362	107,949,278	43,767,185	627,610,682
<u>\$ 93,022,238</u>	<u>\$ 76,800,418</u>	<u>\$ 27,582,460</u>	<u>\$ 46,901,396</u>	<u>\$ 627,954,551</u>

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
Year Ended June 30, 2022**

Net Change in Fund Balances - Total Governmental Funds	\$ 343,869
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. In the government-wide financial statements, the cost of the assets is allocated over their estimated useful lives as depreciation expense.	
Capital asset additions - governmental activities	132,676,421
Depreciation recorded in the current year - governmental activities	(9,753,965)
Contributions of capital assets are not recorded in the governmental funds	58,110,652
Timing difference in revenue recognition: Certain earned yet not available revenues are deferred in the fund financials but are recognized as revenues in the government-wide financial statements.	
Interest accrued on advances to business-type activities	452,713
Interfund interest previously deferred in the fund was received in current year.	(4,419,817)
Interest accrued on long-term housing loan receivables and allowance for uncollectible accounts	907,463
Conway assessment installments	(10,114)
Administrative citation placed on tax roll	(15,550)
Various cost sharing	46,967
Various grants	4,572,986
Proposition 172 revenue	(5,756)
Repayment of principal on the bonds is reported in the fund as expenditures.	1,150,000
Amortization of bond premium	625,059
This amount represents the change in accrued interest on bonds payable from prior year.	14,375
Internal service funds are primarily to serve governmental activities. The change in net position of the Internal Service Funds is reported with governmental activities.	(127,363)
This amount represents the portion of change in Internal Service Fund net position attributable to business-type activities. Business-type activities paid \$1,455,617 for internal services during the year. At year end, the internal service lookback adjustment was determined to be \$1,142,726.	(312,891)
Changes to net pension liability and pension-related deferred outflows and inflows of resources do not require current financial resources and are only reported in the government-wide financial statements.	24,930,680
Changes to net OPEB liability and OPEB-related deferred outflows and inflows of resources do not require current financial resources and are only reported in the government-wide financial statements.	6,730,046
Change in Net Position of Governmental Activities	\$ 215,915,775

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 expenses associated with the operations of the Sunnyvale Materials and Recovery Transfer Station.

The ***Development Fund*** accounts for user fees and costs of services related to planning, engineering and inspection of public and private development construction projects. This Fund began in fiscal year 2015, carrying over development-related fee revenues in excess of what had been budgeted from the General Fund. Expenses related to these highly volatile fees normally occur later than the revenue collection. This separate fund will assist the City to identify direct and indirect costs to ensure full cost recovery.

The ***Golf and Tennis Operations Fund*** accounts for revenues and expenses related to the golf course and tennis center operations. Other recreation operations were moved and presented in the General Fund starting with the fiscal year 2013 Budget.

The ***Internal Service Funds*** account for charges to City departments, on a cost reimbursement basis, for provision of facilities, equipment, benefits, insurance, and project administration services. The Internal Service Funds predominantly serve governmental activities of the City.

CITY OF SUNNYVALE

**Statement of Net Position
Proprietary Funds
June 30, 2022**

	Business-Type Activities		
	Major Enterprise Funds		
	Water Supply and Distribution	Wastewater Management	Solid Waste Management
Assets:			
Current Assets:			
Deposits and Investments Held by City (Note 3)	\$ 88,251,372	\$ 91,950,116	\$ 17,127,353
Receivables, Net (Note 4)	10,499,675	8,724,819	9,133,497
Intergovernmental Receivables (Note 5)	-	7,263	227,828
Leases Receivables (Note 14)	-	-	159,941
Inventories and Prepaid Items (Note 1)	152,111	-	-
Restricted Assets:			
Deposits and Investments Held by City (Note 3)	109,107	10,380,827	-
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	2	2	-
Total Current Assets	<u>99,012,267</u>	<u>111,063,027</u>	<u>26,648,619</u>
Noncurrent Assets:			
Receivables from Employees (Note 6)	-	-	-
Service Concession Arrangement Receivable (Note 1)	-	-	-
Lease Receivable (Note 14)	-	-	4,389,875
Capital Assets (Note 11):			
Land & Nondepreciable Assets	5,695,347	193,578,833	36,134
Depreciable Assets, Net	46,454,770	63,293,384	1,938,399
Total Noncurrent Assets	<u>52,150,117</u>	<u>256,872,217</u>	<u>6,364,408</u>
Total Assets	<u>151,162,384</u>	<u>367,935,244</u>	<u>33,013,027</u>
Deferred Outflows of Resources (Note 9)	<u>1,463,144</u>	<u>3,871,086</u>	<u>761,742</u>
Liabilities:			
Current Liabilities:			
Wages Payable	-	-	-
Accounts Payable and Accrued Liabilities	3,871,705	9,466,203	1,973,664
Advances from Other Funds (Note 10)	-	949,615	3,470,202
Refundable Deposits	797,957	535,450	1,038,184
Interest Payable	148,727	4,914,894	-
Unearned Revenues (Note 8)	-	30,000	-
Service Concession Arrangement Maintenance Liability (Note 1)	-	-	-
Claims and Judgments Payable - Due Within One Year (Note 12)	-	-	-
Compensated Absences Payable - Due Within One Year (Note 12)	-	-	-
Landfill Closure and Postclosure Costs (Note 12)	-	-	858,469
Bonds, Leases and Notes Payable - Due Within One Year (Note 12)	560,000	1,250,000	-
Total Current Liabilities	<u>5,378,389</u>	<u>17,146,162</u>	<u>7,340,519</u>
Noncurrent Liabilities:			
Advances from Other Funds (Note 10)	-	3,845,357	2,858,150
Service Concession Arrangement Maintenance Liability (Note 1)	-	-	-
Claims and Judgments Payable - Due in More than One Year (Note 12)	-	-	-
Compensated Absences Payable - Due in More than One Year (Note 12)	-	-	-
Landfill Closure and Postclosure Costs (Note 12)	-	-	6,050,250
Bonds, Leases and Notes Payable - Due in More than One Year (Note 12)	15,226,253	132,912,109	-
Net Pension Liability - Due in More than One Year (Note 16)	5,690,085	15,734,477	1,635,561
Net OPEB Liability - Due in More than One Year (Note 17)	1,121,428	2,973,635	313,959
Total Noncurrent Liabilities	<u>22,037,766</u>	<u>155,465,578</u>	<u>10,857,920</u>
Total Liabilities	<u>27,416,155</u>	<u>172,611,740</u>	<u>18,198,439</u>
Deferred Inflows of Resources (Note 9)	<u>2,534,798</u>	<u>7,009,662</u>	<u>5,768,935</u>
Net Position (Note 19):			
Net Investment in Capital Assets	36,363,866	122,630,059	1,974,533
Restricted for Debt Service	-	5,270,934	-
Unrestricted	86,310,709	64,283,935	7,832,862
Total Net Position	<u>\$ 122,674,575</u>	<u>\$ 192,184,928</u>	<u>\$ 9,807,395</u>

See Accompanying Notes to the Basic Financial Statements



Business-Type Activities				
Major Enterprise Funds				Governmental
SMaRT Station®	Development	Golf and Tennis Operations	Total Enterprise Funds	Internal Service Funds
\$ 4,738,992	\$ 58,047,303	\$ 3,283,180	\$ 263,398,316	\$ 54,859,295
1,395	259,363	8,671	28,627,420	391,926
18,812	-	-	253,903	-
-	-	163,003	322,944	-
-	-	59,133	211,244	1,598,190
-	-	-	10,489,934	-
-	-	-	4	10,207,377
<u>4,759,199</u>	<u>58,306,666</u>	<u>3,513,987</u>	<u>303,303,765</u>	<u>67,056,788</u>
-	-	-	-	3,228,221
-	-	1,528,755	1,528,755	-
-	-	1,969,437	6,359,312	-
765,246	-	9,683,604	209,759,164	14,843,822
2,634,222	18,848	1,811,890	116,151,513	17,761,939
<u>3,399,468</u>	<u>18,848</u>	<u>14,993,686</u>	<u>333,798,744</u>	<u>35,833,982</u>
<u>8,158,667</u>	<u>58,325,514</u>	<u>18,507,673</u>	<u>637,102,509</u>	<u>102,890,770</u>
<u>196,454</u>	<u>3,701,756</u>	<u>783,117</u>	<u>10,777,299</u>	<u>4,856,842</u>
-	-	-	-	2,012,736
3,704,593	1,212,924	107,746	20,336,835	1,580,653
-	-	-	4,419,817	-
-	-	509	2,372,100	8,518
-	-	-	5,063,621	-
-	248,148	-	278,148	-
-	-	132,842	132,842	-
-	-	-	-	5,568,930
-	-	-	-	13,455,664
-	-	-	858,469	-
-	-	129,417	1,939,417	-
<u>3,704,593</u>	<u>1,461,072</u>	<u>370,514</u>	<u>35,401,249</u>	<u>22,626,501</u>
-	-	-	6,703,507	-
-	-	1,162,372	1,162,372	-
-	-	-	-	17,299,070
-	-	-	-	7,240,869
-	-	-	6,050,250	-
-	-	699,076	148,837,438	-
680,242	9,648,938	3,385,497	36,774,800	13,595,508
92,217	1,425,484	515,644	6,442,367	2,115,130
<u>772,459</u>	<u>11,074,422</u>	<u>5,762,589</u>	<u>205,970,734</u>	<u>40,250,577</u>
<u>4,477,052</u>	<u>12,535,494</u>	<u>6,133,103</u>	<u>241,371,983</u>	<u>62,877,078</u>
<u>335,747</u>	<u>5,549,683</u>	<u>3,518,787</u>	<u>24,717,612</u>	<u>9,435,519</u>
3,399,468	18,848	10,667,001	175,053,775	32,605,761
-	-	-	5,270,934	-
142,854	43,923,245	(1,028,101)	201,465,504	2,829,254
<u>\$ 3,542,322</u>	<u>\$ 43,942,093</u>	<u>\$ 9,638,900</u>	<u>\$ 381,790,213</u>	<u>\$ 35,435,015</u>

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CITY OF SUNNYVALE

***Reconciliation of the Enterprise Funds Statement of Net Position
to the Government-Wide Statement of Net Position
June 30, 2022***

Total Net Position - Total Enterprise Funds	\$ 381,790,213
Adjustment to reflect the amount owed to Business-Type Activities for internal service fund activities.	<u>2,997,767</u>
Net Position of Business-Type Activities	<u><u>\$ 384,787,980</u></u>

CITY OF SUNNYVALE

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2022**

	Major Enterprise Funds		
	Water Supply and Distribution	Wastewater Management	Solid Waste Management
Operating Revenues:			
Charges for Services	\$ 67,852,723	\$ 69,679,392	\$ 54,106,613
Operating Expenses:			
Personnel Services	4,877,770	11,106,034	2,262,072
Contractual Services	1,000,147	4,047,890	41,512,018
Materials and Supplies	906,714	3,766,765	51,818
Utilities	408,172	1,371,378	120,107
Taxes, Licenses, and Fees	316,047	293,286	1,604,979
Equipment and Building Rental	849,946	1,316,712	238,353
Water Purchased for Resale	33,606,589	-	-
Insurance Premiums and Claims	-	-	-
Retirement Premiums	-	-	-
Other Operating Expenses	459,278	484,798	62,164
General Fund Administration	4,116,618	3,099,280	3,117,392
Depreciation and Amortization (Note 11)	2,638,128	3,292,283	180,188
Total Operating Expenses	49,179,409	28,778,426	49,149,091
Operating Income (Loss)	18,673,314	40,900,966	4,957,522
Nonoperating Revenues (Expenses):			
Investment Earnings (Loss)	(3,470,819)	(3,674,901)	(763,024)
Interest Expense	(528,856)	(2,718,678)	(285,395)
Total Nonoperating Revenues (Expenses)	(3,999,675)	(6,393,579)	(1,048,419)
Income (Loss) before Capital Contributions and Transfers	14,673,639	34,507,387	3,909,103
Capital Contributions	2,847,200	2,340,500	-
Transfers In (Note 18)	-	-	-
Transfers Out (Note 18)	(923,863)	(1,475,860)	(1,362,489)
Change in Net Position	16,596,976	35,372,027	2,546,614
Net Position - Beginning of Year	106,077,599	156,812,901	7,260,781
Net Position, End of Year	\$ 122,674,575	\$ 192,184,928	\$ 9,807,395

See Accompanying Notes to the Basic Financial Statements

Major Enterprise Funds			Total Enterprise Funds	Governmental Activities
SMaRT Station®	Development	Golf and Tennis Operations		Internal Service Funds
\$ 26,943,444	\$ 23,903,836	\$ 5,041,136	\$ 247,527,144	\$ 137,619,034
460,580	8,836,060	2,225,443	29,767,959	35,581,442
17,249,152	1,761,605	206,789	65,777,601	8,024,466
112,477	94,379	305,458	5,237,611	3,605,089
232,721	-	766,582	2,898,960	2,241,662
8,081,224	-	120	10,295,656	-
1,972	1,116,664	488,042	4,011,689	2,055,835
-	-	-	33,606,589	-
-	-	-	-	33,485,276
-	-	-	-	51,132,329
1,585	25,671	63,445	1,096,941	519,442
-	1,910,348	464,588	12,708,226	-
91,927	3,161	224,830	6,430,517	2,467,779
26,231,638	13,747,888	4,745,297	171,831,749	139,113,320
711,806	10,155,948	295,839	75,695,395	(1,494,286)
(7,821)	(2,360,607)	-	(10,277,172)	(3,905,424)
-	-	-	(3,532,929)	-
(7,821)	(2,360,607)	-	(13,810,101)	(3,905,424)
703,985	7,795,341	295,839	61,885,294	(5,399,710)
-	-	-	5,187,700	-
-	-	1,535,000	1,535,000	7,420,362
-	(2,327,982)	-	(6,090,194)	(2,148,015)
703,985	5,467,359	1,830,839	62,517,800	(127,363)
2,838,337	38,474,734	7,808,061	319,272,413	35,562,378
\$ 3,542,322	\$ 43,942,093	\$ 9,638,900	\$ 381,790,213	\$ 35,435,015

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CITY OF SUNNYVALE

***Reconciliation of the Enterprise Funds Statement of Revenues, Expenses,
and Changes in Net Position to the Government-Wide Statement of Activities
Year Ended June 30, 2022***

Change in Net Position - Total Enterprise Funds	\$ 62,517,800
Internal service funds look-back adjustments for the year	(1,142,726)
Payment made to governmental activities	<u>1,455,617</u>
Change in Net Position of Business-Type Activities	<u><u>\$ 62,830,691</u></u>

See Accompanying Notes to the Basic Financial Statements

CITY OF SUNNYVALE

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2022**

	Major Enterprise Funds		
	Water Supply and Distribution	Wastewater Management	Solid Waste Management
Cash Flow from Operating Activities:			
Cash Received from Customers	\$ 67,295,052	\$ 68,527,415	\$ 52,348,016
Cash Received for Interfund Service Provided	-	-	-
Cash Paid for General Fund Administration	(4,116,618)	(3,099,280)	(3,117,392)
Cash Payments to Suppliers of Goods and Services	(36,817,026)	(12,726,760)	(42,737,174)
Cash Payments for Employee Services	(5,924,657)	(14,016,073)	(2,800,854)
Insurance and Claims Paid	-	-	-
Net Cash Provided by (Used For) Operating Activities	20,436,751	38,685,302	3,692,596
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(923,863)	(1,475,860)	(1,362,489)
Net Repayment of Advance from (to) Other Funds	-	(705,999)	(3,713,818)
Net Cash Provided by (Used for) Noncapital Financing Activities	(923,863)	(2,181,859)	(5,076,307)
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Long-Term Debt	(545,000)	(1,210,000)	-
Principal Paid on Lease Liabilities	-	-	-
Interest Paid on Long-Term Debt	(609,844)	(790,433)	-
Loans Payable Drawdown	-	8,205,761	-
Acquisition and Construction of Capital Assets	(2,902,193)	(17,692,129)	-
Net Cash Used for Capital and Related Financing Activities	(4,057,037)	(11,486,801)	-
Cash Flows from Investing Activities:			
Interest (Loss) on Investments	(3,470,819)	(3,674,901)	(763,025)
Net Increase (Decrease) in Cash and Cash Equivalents	11,985,032	21,341,741	(2,146,736)
Cash and Cash Equivalents - Beginning of Year	76,375,449	80,989,204	19,274,089
Cash and Cash Equivalents - End of Year	\$ 88,360,481	\$ 102,330,945	\$ 17,127,353
Reconciliation to Statement of Net Position:			
Cash and Investments Held by City	\$ 88,251,372	\$ 91,950,116	\$ 17,127,353
Cash and Investments Held by City - Restricted	109,107	10,380,827	-
Cash and Investments Held by Fiscal Agent and Trustee	2	2	-
Total Cash and Investments	\$ 88,360,481	\$ 102,330,945	\$ 17,127,353

See Accompanying Notes to the Basic Financial Statements

Major Enterprise Funds			Total Enterprise Funds	Governmental Activities
SMaRT Station	Development	Golf and Tennis Operations		Internal Service Funds
\$ 29,100,790	\$ 23,890,528	\$ 5,013,432	\$ 246,175,233	\$ 2,215,098
-	-	-	-	136,078,701
-	(1,910,348)	(464,588)	(12,708,226)	-
(26,509,819)	(3,808,725)	(1,763,217)	(124,362,721)	(67,870,271)
(610,238)	(11,836,054)	(2,833,349)	(38,021,225)	(42,463,997)
-	-	-	-	(32,850,276)
<u>1,980,733</u>	<u>6,335,401</u>	<u>(47,722)</u>	<u>71,083,061</u>	<u>(4,890,745)</u>
-	-	1,535,000	1,535,000	7,420,362
-	(2,327,982)	-	(6,090,194)	(2,148,015)
-	-	-	(4,419,817)	-
-	(2,327,982)	1,535,000	(8,975,011)	5,272,347
-	-	-	(1,755,000)	-
-	-	(73,597)	(73,597)	-
-	-	-	(1,400,277)	-
-	-	-	8,205,761	-
(97,037)	-	-	(20,691,359)	(5,077,729)
(97,037)	-	(73,597)	(15,714,472)	(5,077,729)
(7,821)	(2,360,608)	-	(10,277,174)	(3,905,424)
1,875,875	1,646,811	1,413,681	36,116,404	(8,601,551)
2,863,117	56,400,492	1,869,499	237,771,850	73,668,223
<u>\$ 4,738,992</u>	<u>\$ 58,047,303</u>	<u>\$ 3,283,180</u>	<u>\$ 273,888,254</u>	<u>\$ 65,066,672</u>
\$ 4,738,992	\$ 58,047,303	\$ 3,283,180	\$ 263,398,316	\$ 54,859,295
-	-	-	10,489,934	-
-	-	-	4	10,207,377
<u>\$ 4,738,992</u>	<u>\$ 58,047,303</u>	<u>\$ 3,283,180</u>	<u>\$ 273,888,254</u>	<u>\$ 65,066,672</u>

Continued

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2022

	Major Enterprise Funds		
	Water Supply and Distribution	Wastewater Management	Solid Waste Management
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ 18,673,314	\$ 40,900,966	\$ 4,957,522
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (Used For) Operating Activities:			
Depreciation and amortization	2,638,128	3,292,283	180,188
Loss on Disposal of Capital Assets	-	-	-
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:			
Receivables, Net	(557,671)	(1,150,693)	(1,743,743)
Intergovernmental Receivables	-	(1,284)	14,329
Lease Receivable	-	-	163,869
Deferred Inflows Related to Leases	-	-	(193,052)
Inventories and Prepayments	(9,251)	8,894	-
Refundable Deposits	221,295	225,328	248,891
Accounts Payable and Accrued Liabilities	517,823	(1,680,153)	239,234
Wages Payable	-	-	-
Landfill Postclosure Care	-	-	364,140
Service Concession Arrangement Receivable	-	-	-
Service Concession Arrangement Maintenance Liability	-	-	-
Deferred Inflows Related to Service Concession	-	-	-
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	-	-	-
Deferred Outflows Related to Pensions and OPEB	41,206	160,530	(48,672)
Deferred Inflows Related to Pensions and OPEB	2,047,849	5,470,957	1,075,769
Net Pension Liability	(2,499,009)	(6,790,708)	(1,246,981)
Net OPEB Liability	(636,933)	(1,750,818)	(318,898)
Net Cash Provided by (Used For) Operating Activities	\$ 20,436,751	\$ 38,685,302	\$ 3,692,596
Noncash Capital and Related Financing Activities:			
Amortization of Bond Premium	\$ 77,254	\$ 103,380	\$ -
Amortization of Deferred Inflows of Resources for Gain on Debt Refunding	-	18,836	-
Noncash Capital Contributions	2,847,200	2,340,500	-
Addition of Intangible-Right To Use Assets	-	-	-
Addition of Lease Liabilities	-	-	-

Continued

See Accompanying Notes to the Basic Financial Statements

Major Enterprise Funds			Total Enterprise Funds	Governmental Activities
SMaRT Station	Development	Golf and Tennis Operations		Internal Service Funds
\$ 711,806	\$ 10,155,948	\$ 295,839	\$ 75,695,395	\$ (1,494,286)
91,927	3,161	224,830	6,430,517	2,467,779
-	-	-	-	342,843
831	(13,308)	13,133	(3,451,451)	674,765
2,156,515	-	-	2,169,560	-
-	-	148,099	311,968	-
-	-	(188,936)	(381,988)	-
-	-	(1,808)	(2,165)	(781,777)
-	-	-	695,514	(1,650)
(830,688)	(810,406)	69,027	(2,495,163)	149,136
-	-	-	-	(2,683,461)
-	-	-	364,140	-
-	-	114,966	114,966	-
-	-	(60,143)	(60,143)	-
-	-	(54,823)	(54,823)	-
-	-	-	-	635,000
-	-	-	-	(319,685)
(10,218)	(631,102)	(71,449)	(559,705)	675,105
280,917	4,514,157	925,928	14,315,577	7,767,249
(334,035)	(5,361,922)	(1,163,920)	(17,396,575)	(9,944,649)
(86,322)	(1,521,127)	(298,465)	(4,612,563)	(2,377,114)
<u>\$ 1,980,733</u>	<u>\$ 6,335,401</u>	<u>\$ (47,722)</u>	<u>\$ 71,083,061</u>	<u>\$ (4,890,745)</u>
\$ -	\$ -	\$ -	\$ 180,634	\$ -
-	-	-	18,836	-
-	-	-	5,187,700	-
-	-	902,090	902,090	-
-	-	902,090	902,090	-

Concluded

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Fiduciary Fund Financial Statements

***Fiduciary Funds** are used to report assets held in a trust or custodial capacity for others and therefore cannot be used to support the City's own programs. The City reports the following three types of fiduciary funds:*

***Other Postemployment Benefit Trust Fund** is used to report resources that are required to be held in trust for the members and beneficiaries of the City of Sunnyvale Retiree Healthcare Plan.*

***Private-Purpose Trust Funds** are used to report resources held and administered under trust or similar arrangement for the benefits of individuals, private organizations or other governments. In fiscal year 2012, the City elected to serve as the Redevelopment Successor Agency (RSA) of the former Redevelopment Agency. The RSA is controlled by the Oversight Board whose members represent various taxing entities of the Town Center Redevelopment Project area. In fiscal year 2013, the CFD 3 Estates at Sunnyvale Trust Fund was created to report resources held and administered for the Community Facility District (CFD) No. 3 (Estates at Sunnyvale).*

***Custodial Funds** are used to account for fiduciary activities that are not required to be reported in pension, OPEB, other employee benefit trust funds, investment trust funds, or private purpose trust funds. The City's Custodial Funds account for financial transactions for the Community Facilities District No. 1, the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP), and the NOVAworks Foundation.*

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022**

	Other Postemployment Benefit Trust Fund	Private-Purpose Trust Funds	Custodial Funds
Assets:			
Deposits and Investments in City Treasury Pool (Notes 3 and 20)	\$ -	\$ 130,329	\$ 1,742,980
Deposits and Investments Outside of City Treasury Pool (Notes 3 and 20)	-	346,693	2,942,409
Deposits and Investments with Fiscal Agent and Trustee (Notes 3 and 20):			
Cash and Cash Equivalents	9,171,728	646,956	2,226,063
Mutual Funds-Fixed Income	45,064,284	-	-
Mutual Funds-Equity	78,549,881	-	-
Receivables (Notes 4 and 20)	8,932	11,175,017	52,252
Capital Assets (Note 20):			
Nondepreciable Assets	-	13,959,752	-
Total Assets	<u>132,794,825</u>	<u>26,258,747</u>	<u>6,963,704</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	8,937	969	-
Accrued Interest Payable	-	10,969	-
Long-term Obligations (Note 20):			
Due Within One Year	-	655,000	-
Due in More Than One Year	-	37,669,005	-
Total Liabilities	<u>8,937</u>	<u>38,335,943</u>	<u>-</u>
Net Position:			
Restricted for Employee Benefits Other Than Pensions	132,785,888	-	-
Restricted for Private Purpose Held in Trust	-	(12,077,196)	-
Restricted for Others	-	-	6,963,704
Total Net Position	<u>\$ 132,785,888</u>	<u>\$ (12,077,196)</u>	<u>\$ 6,963,704</u>

See Accompanying Notes to the Basic Financial Statements

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2022**

	Other Postemployment Benefit Trust Fund	Private-Purpose Trust Funds	Custodial Funds
Additions:			
<i>Contributions:</i>			
Employer Contributions - Direct	\$ 3,346,000	\$ -	\$ -
Employer Contributions - Outside of OPEB Trust	6,412,414	-	-
Employer Contributions - Implied Subsidy	1,850,000	-	-
Special Tax Collected	-	28,089	1,643,149
Receipt from County Redevelopment Property Tax Trust Fund	-	103,162	-
Contributions from Participating Government Agencies	-	-	4,622,108
Contributions from Non-Government Agencies	-	-	875,100
Private Donations	-	-	11,534
<i>Investment Earnings:</i>			
Net Depreciation in Fair Value of Investments	(23,146,014)	13,389	-
Interest	11,181	-	105,232
Dividends	2,762,352	-	-
Investment Expenses	(58,352)	-	-
Total Additions	(8,822,419)	144,640	7,257,123
Deductions:			
Benefit Payments with Implied Subsidy	8,262,414	-	-
Projects Management	-	23,360	-
City Loan Interest Added to Loan Principal	-	800,716	-
Debt Service Payments	-	28,425	1,704,437
Fiscal Agent Trustee Fees	-	3,053	-
Program Expenses	-	-	225,151
Agreements, Fees and Monitoring	-	-	4,464,699
Administrative Expenses	-	71,809	23,700
Total Deductions	8,262,414	927,363	6,417,987
Change in Net Position	(17,084,833)	(782,723)	839,136
Net Position:			
Beginning of Year	149,870,721	(11,294,473)	6,124,568
End of Year	\$ 132,785,888	\$ (12,077,196)	\$ 6,963,704

See Accompanying Notes to the Basic Financial Statements

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**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2022**

Notes	Page
1 - Significant Accounting Policies	
Reporting Entity	67
Basis of Presentation	68
Measurement Focus and Basis of Accounting	71
Fair Value Measurements.....	72
Cash, Cash Equivalents, and Investments	73
Receivables	73
Leases.....	74
Interfund Balances/Internal Balances.....	74
Inventory and Prepaid Items.....	74
Assets Held for Resale	74
Capital Assets.....	75
Deferred Outflows/Inflows of Resources	76
Service Concession Arrangement	77
Unearned Revenue	77
Noncurrent Liabilities.....	77
Pensions.....	78
Postemployment Benefits Other Than Pensions (OPEB).....	78
Fund Balance Policies	78
Fund Balance Flow Assumptions.....	79
Net Position Flow Assumptions	80
Use of Estimates.....	80
Program Revenues.....	80
Property Tax Revenue.....	80
Compensated Absences.....	81
Proprietary Funds Operating and Nonoperating Revenues and Expenses.....	81
Effects of New Pronouncements	81
2 - Stewardship, Compliance, and Accountability.....	84
3 - Deposits and Investments.....	84
4 - Receivables	93
5 - Intergovernmental Receivables	95
6 - Long-Term Receivables from Employees.....	95
7 - Housing Loans Receivable.....	96
8 - Unearned Revenues.....	97
9 - Deferred Outflows and Inflows of Resources	98
10 - Internal Balances/Interfund Balances.....	99
11 - Capital Assets.....	101

CITY OF SUNNYVALE

***Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2022***

12 - Noncurrent Liabilities.....	104
13 - Pledged Revenues	115
14 - Leases.....	116
15 - Commitments	118
16 - Pension Plans.....	121
17 - Other Postemployment Benefits (OPEB)	128
18 - Interfund Transfers.....	133
19 - Classification of Net Position and Fund Balances.....	135
20 – Redevelopment Successor Agency Trust.....	138
21 – Subsequent Events	145

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

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 (State) 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, tennis, 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, for which the City is considered to be financially accountable. Though they are legally separate entities, blended component units are, in substance, part of the City’s operations and are reported as an integral part of the City’s financial statements. The City’s component units, which are described below, are either blended or fiduciary in nature.

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 former Redevelopment Agency (RDA) of the City of Sunnyvale. The RDA was established under the provisions of the community redevelopment laws of the State by a resolution of the City Council adopted on November 19, 1957. The RDA was dissolved on February 1, 2012 pursuant to ABx1 26 (the “Dissolution Act”).

The Authority was created to facilitate financing of public improvements within the City. In no event, shall this Agreement be terminated while any bonds of the Authority remain outstanding or any facilities constructed are owned, maintained or operated by the Authority.

The Authority’s governing board has the same members as those on the City Council. City staff performs all administrative and accounting functions for the Authority. The Authority’s transactions are blended into the City’s financial statements. Separately issued financial statements for the Authority can be obtained from the City website at www.sunnyvale.ca.gov.

Redevelopment Successor Agency (RSA)

Pursuant to the Dissolution Act, on January 10, 2012, the City Council adopted a resolution electing to serve as the Redevelopment Successor Agency (RSA) of the former Redevelopment Agency.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

The RSA is a separate legal entity from the City of Sunnyvale. ABx1 26 establishes the oversight boards to review and approve the successor agency actions. Upon dissolution and under the control of the oversight board, the RDA’s non-housing funds and assets were turned over to the RSA which is charged with the responsibility of paying off the RDA’s existing debts, disposing of the RDA’s properties and assets to help pay off debts and winding down the affairs of the RDA. The RSA’s financial transactions are accounted for in a private-purpose trust fund under the fiduciary fund type.

The Community Facilities District No. 1

The Community Facilities District No. 1 (the “CFD No. 1”) was created by resolutions of the City Council on February 23, 1999, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended. The purpose is to provide financing for the construction of parking facilities required by the redevelopment of the Sunnyvale Town Center. The CFD No.1’s governing board has the same members as those on the City Council. The City is not obligated in any manner for the debt of the CFD No. 1. The assets associated with the CFD No.1 are for the benefit of CFD No.1 and are not derived from the City’s provision of goods or services to the CFD No.1. The CFD No. 1 is a fiduciary component unit and are accounted for in the Community Facilities District No. 1 Custodial Fund.

The Community Facilities District No. 3 (Estates at Sunnyvale)

The Community Facilities District No. 3 (Estates at Sunnyvale) (the “CFD No. 3”) was created by resolutions of the City Council on April 23, 2013, pursuant to the Mello-Roos Community Facilities Act of 1982, as amended. The purpose is to finance the maintenance and replacement of publicly owned infrastructure and other improvements planned for in a 10-acre residential subdivision. Under the Santa Clara Valley Storm Water Permit C.3 Provisions, the developer was required to install storm water facilities (bio-retention basins) that reduce storm water pollutants and flow from the site.

The CFD No. 3’s governing board has the same members as those on the City Council. The City Council approves the rate and method of the apportionment of the special tax and the authorized services that may be funded by the special tax. The special tax is levied to fund the maintenance and future capital replacement of the CFD No. 3 facilities. The City’s administrative costs incurred for the CFD No. 3 is also covered by the special tax. The assets associated with the CFD No.3 are for the benefit of CFD No. 3, are held in a trust arrangement, and are not derived from the City’s provision of goods or services to the CFD No.3. The CFD No. 3 is a fiduciary component unit and are accounted for in the Community Facilities District No. 3 (Estates at Sunnyvale) Private Purpose Trust Fund.

Basis of Presentation

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the City and its component units. All fiduciary activities are only reported in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other non-exchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City’s enterprise funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes or other interfund charges where the amounts are reasonably equivalent in value to the services provided. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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.

Fund Financial Statements

The fund financial statements provide information about the City’s funds, including the blended component units and fiduciary funds. Separate statements for each fund category – governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds. Each major fund is displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The determination of a given fund as a major fund is generally based on its relative size in any of the following four groupings of financial statement elements: assets plus deferred outflows of resources, liabilities plus deferred inflows of resources, revenues, and expenditures/expense. An individual fund is a major fund if it reports, for at least one of the above groupings, both at least 10% of the fund type and at least 5% of the combined total for governmental and enterprise funds.

In spite of the quantitative criteria, an individual fund may still be presented separately as a major fund if the City believes that the fund is particularly important for financial statement users.

The City reports the following major governmental funds:

- The *General Fund* is the City’s primary operating fund, always classified and presented separately as a major fund. It accounts for all financial resources of the general government, except those required to be accounted for in any other fund.
- The *Housing Special Revenue Fund* accounts for financial resources primarily from housing impact fees from developers. Expenditures are incurred to support the provision of affordable housing within the City.
- The *Park Dedication Special Revenue Fund* accounts for financial resources from park dedication fee revenues paid by developers in order to fund park-related projects.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

- The *City Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.
- The *Infrastructure Renovation and Replacement Fund* accounts for financial resources related to the City’s Long-Range Infrastructure Plan for the renovation and replacement of existing general capital assets.
- The *Civic Center Capital Project Fund* accounts for 2020 Lease Revenue Bonds proceeds issued to finance construction costs of the Civic Center Modernization Project.

The City reports the following major enterprise funds:

- The *Water Supply and Distribution Fund* accounts for the activities of the City-operated water utility.
- The *Wastewater Management Fund* accounts for the activities related to the City-operated sewer collection and water pollution control systems.
- The *Solid Waste Management Fund* accounts for the activities of the City’s solid waste collection and disposal services.
- The *SMaRT Station Fund* accounts for the activities related to the operations of the Sunnyvale Materials and Recovery Transfer Station.
- The *Development Fund* accounts for user fees and costs of services related to planning, engineering and inspection of public and private development construction projects.

The following fund, though not quantitatively meeting the major fund criteria in this reporting year, has been included as a major enterprise fund for consistency:

- The *Golf and Tennis Operations Fund* accounts for the activities related to the City’s golf course and tennis center operations.

Additionally, the City reports the following fund types:

- *Internal Service Funds* account for services provided to other City funds, on a cost reimbursement basis, in the following areas: fleet equipment, building services, computers, office equipment, communication equipment, print shop, project administration, employee benefits (leaves, workers’ compensation, retirement, and insurance) and property and liability insurance services.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

- *Other Postemployment Benefit Trust Fund* is a fiduciary fund type that account for resources required to be held in trust for the members and beneficiaries of defined other postemployment benefit plans. The City of Sunnyvale Retiree Healthcare Plan is a single employer defined benefit retiree healthcare plan administered by the City through a trust arrangement.
- *Private-Purpose Trust Fund* is a fiduciary fund type that accounts for resources held and administered under trust or similar arrangement for the benefits of individuals, private organizations, or other governments. The financial activities of the RSA and the CFD No. 3 are accounted for in the private-purpose trust funds.
- *Custodial Funds* are a fiduciary fund type that account for fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. The financial activities of the CFD No. 1, Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP), and NOVAworks Foundation are accounted for in the custodial funds.

In the fund financial statements, any residual balances outstanding at year end from interfund activity are reported as due from/to other funds and advances to/from other funds. In contrast, certain eliminations are made in the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances related to business-type activities in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances related to governmental activities in the business-type activities column.

In the fund financial statements, amounts involving transfer of resources between funds are reported as transfers in/out. In contrast, certain eliminations are made in the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount transferred from business-type activities is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount transferred to governmental activities is included as transfers in the business-type activities column.

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.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they become 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. Expenditures generally are recorded when a liability is incurred except for debt service expenditures which are recorded when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

The City considers revenues including property tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Exceptions are made for sales tax and grant revenues as explained below.

The City uses a ninety-day availability period for sales taxes as the State would always disburse final distribution of sales taxes revenue for the previous quarter in ninety days. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 90 days of year-end).

Property taxes, sales taxes, other local taxes, grants and subventions, licenses, reimbursements on contractual agreements, and interest earned within the current fiscal year are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal year. All other revenues items are considered to be measurable and available only when cash is received.

The proprietary funds and fiduciary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is also an exit price at a measurement date from the perspective of a market participant that controls the asset or is obligated for the liability.

The City uses fair value measurements for the initial recording and subsequent periodic re-measurement of certain assets on a recurring basis. Additionally, the City may be required to record at fair value other assets on a nonrecurring basis. The nonrecurring fair value adjustments typically involve application of lower-of-cost-or-fair-value or asset-impairment accounting.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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 balance.

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.

Certain disclosure requirements for deposits and investment risks are required in the following areas:

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

Money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one-year or less are measured at amortized cost, provided that the fair value of those investments is not significantly affected by the impairment of credit rating of the issuer. Non-participating interest-earning investment contracts are reported using a cost-based measure. All other investments are stated at fair value, which is explained in the following paragraph.

For investments in open-end mutual funds, fair value is the fund's current share price. The City measures its investment positions in an external investment pool at the fair value per share of the pool's underlying portfolio. All other investments stated at fair value are also presented in accordance with the fair value hierarchy.

Additional information on the City's investments and fair value measurement can be found in Note 3, *Deposits and Investments*.

Receivables

All receivables are shown net of an allowance for doubtful accounts. Utility revenues (water, sewer and solid waste 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 recognized as revenues in the respective enterprise funds.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Lease Receivables

Lease receivables are measured at the present value of lease payments expected to be received during the lease term. Under the lease agreements, the City may receive variable/fixed lease payments. The lease payments are recorded as inflow of resources in the period the payment is received.

Interfund Balances/Internal Balances

Advances to and advances from other funds are presented in the fund financial statements. The borrower is charged interest annually based on the initially stipulated rate and the repayment amount often varies with the borrower's cash flow needs. Any unpaid interest due to the borrower's lack of funds increases the principal owed, with the lender (General Fund) recognizing a corresponding amount of deferred inflows of resources. Since the late 1970s, General Fund has made numerous advances to other City funds (see Note 10) and thus accumulated significant amounts of deferred inflows of resources. When the cumulative amounts of repayment in advances by the borrower exceed the original principal, the lender (General Fund) recognizes the excess portion of current repayment as interfund interest revenue with a corresponding reduction of deferred inflows of resources.

When the lender is an enterprise fund, the interest charged to the borrower fund is recognized as revenue in the current year.

Other outstanding balances between funds are reported as due to and due from other funds.

Any balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventory and Prepaid Items

The consumption method is used to account for inventory and inventory is valued at average cost. Inventory in governmental activities consists of expendable supplies held for consumption by all departments; user programs are charged when inventory items are withdrawn for use.

Inventory in the Golf and Tennis Operations 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 that reflect the lower of cost or market value.

The consumption method is also used to account for prepaid items under the modified accrual basis of accounting. Expenditures are recorded proportionately over the periods that service is provided.

Assets Held for Resale

Assets held for resale are carried at the lower of cost or net realizable value which is defined as the estimated selling price in an orderly transaction minus any cost to complete and to sell. In fiscal years 1999 and 2000, the City acquired certain residential properties for \$1,381,077, with the intention to assemble with other parcels for the Downtown redevelopment project.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Capital Assets

Capital assets, which include land (including easements), buildings, improvements, equipment (including computer software), construction in progress, and infrastructure assets (e.g., streets, sidewalks, curbs, gutters, street lights, traffic signals, water supply and distribution system, wastewater treatment and collection system), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets, other than infrastructure assets, are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The City reports infrastructure assets on a system basis. Accordingly, the amounts spent for the construction or acquisition of infrastructure assets are capitalized and reported in the government-wide financial statements regardless of their amount.

Capital assets are recorded at historical cost or estimated historical cost if actual cost is not available. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are valued at their acquisition value. The acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. Since there is no ready market for capital assets from developer contributions, the City would always use the developer’s own costs as estimated acquisition value.

The City has chosen the modified approach for reporting the street pavement system, and as a result depreciation is not recorded for that system. For all other assets, depreciation is recorded on a straight-line method (with half-year convention applied to the first year of acquisition) over the useful lives of the assets as follows:

- Buildings 10 - 50 years
- Sidewalks, Curbs, Gutters, Street Lights, and Traffic Signals 10 - 40 years
- Water Supply and Distribution System 10 - 80 years
- Wastewater Treatment and Collection System 10 - 80 years
- Other land improvements 7 - 80 years
- Equipment 2 - 30 years
- Computer Software 3 - 15 years

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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Using the modified approach to report the City’s street pavement system, each homogeneous segment of City-owned streets 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 streets that have the physical characteristics of a new street. The following conditions were defined:

<u>Condition</u>	<u>Rating</u>
Excellent	90-100
Very Good	80-89
Good	70-79
Fair	60-69
At Risk	50-59
Poor	25-49
Failed	0-24

The City's policy relative to maintaining the street assets is to achieve a PCI rating of 75 or over for all street segments, which is in the “good” range or better. For detailed description of the modified approach, see the required supplementary information section of this report.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of net position and balance sheet report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City reports the following deferred items:

Gain or Loss on Refunding:

A gain or loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt and reported in the government-wide and enterprise fund statements of net position.

Deferred Outflows and Inflows of Resources Related to Pensions or OPEB:

These deferred items are recognized and measured in financial statements prepared using the economic resources measurement focus and the accrual basis of accounting. The deferral is for changes in the net pension or OPEB liability that are not included in pension or OPEB expense for the current year. These deferred items may include changes of future economic and demographic assumptions or other inputs, differences between expected and actual experience, differences between projected and actual earnings on investments, and any employer contributions made subsequent to the measurement date of the net pension or OPEB liability are required to be reported as deferred outflows of resources.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Deferred Inflows of Resources Related to Leases:

Deferred inflow of resources is recognized at the initiation of the lease in an amount equal to the amount of initial recognition of the lease receivables. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Unavailable Revenue:

Unavailable revenue is only reported in the governmental funds balance sheet. The governmental funds report unavailable revenues from sources such as housing loans, State-mandated cost reimbursements, expenditure-driven grants, etc.

Imposed Nonexchange Revenue:

Imposed nonexchange business license tax revenues are reported in the government-wide statement of net position and governmental fund balance sheet.

Another item recognized as deferred inflows of resources are related to a service concession arrangement as discussed below.

Service Concession Arrangement

In April 2012, the City executed an Agreement with Lifetime Tennis, Inc. (name changed to Lifetime Activities, Inc. in 2014), in which Lifetime has agreed to operate, manage, and collect the related fees from the Sunnyvale Tennis Center for a term of 15 years. In February 2017, the term of this Agreement was amended to extend to March 31, 2032. The amendment also specifies that the licensee shall not permit any employee to provide instruction to children under this Agreement until such employee has undergone criminal background screening through the California Department of Justice as provided in Penal Code 11105.3.

Lifetime has agreed to pay the City installment payments over the course of the arrangement; the present value of the remaining installment payments is estimated to be \$1,528,755, reported as a service concession arrangement receivable by the City. The City has agreed to maintain the grounds surrounding the courts and buildings at the Tennis Center, as well as the ancillary tennis courts. At June 30, 2022, the present value of the City's maintenance obligation is estimated to be \$1,295,214 reported as a service concession arrangement maintenance liability. The difference between the present value of the installments receivable and maintenance obligations was \$233,541, which was reported as deferred inflows of resources in the Golf and Tennis Operations Enterprise Fund.

Unearned Revenue

Unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions for which unearned revenue is recorded are unearned grant revenues and prepayments from customers.

Noncurrent Liabilities

Net pension liability and net OPEB liability are reported separately from noncurrent liabilities because of the significance of the balances.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Government-Wide and Enterprise Fund Financial Statements

Long-term debt and other financial obligations are reported as liabilities in the appropriate activities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of premium or discount. Debt issuance costs, except any portion related to prepaid insurance costs, are recognized as an expense in the period incurred. Prepaid insurance costs are reported as an asset and recognized as an expense in a systematic and rational manner over the duration of the related debt.

Governmental Fund Financial Statements

Long-term debt is not reported in the governmental fund financial statements but is shown in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position. 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.

Pensions

For purposes of measuring the net pension liability, deferred outflows/inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the City’s California Public Employees’ Retirement System (CalPERS) plans and additions to/deductions from the City’s CalPERS Plan’s fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The governmental activities’ share of net pension liability is typically liquidated by the General Fund.

Postemployment Benefits Other Than Pensions (OPEB)

For purposes of measuring the net OPEB liability, deferred outflows/inflows of resources related to OPEB, and OPEB expenses, information about the fiduciary net position of the City’s Retiree Healthcare Plan (the OPEB Plan) and additions to/deductions from the OPEB Plan’s fiduciary net position have been determined on the same basis as they are reported by the OPEB Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The governmental activities’ share of net OPEB liability is typically liquidated by the General Fund.

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any constraints requiring the use of resources for specific purposes.

The nonspendable fund balance includes the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include inventories, prepaid items, long-term receivable and lease receivable net of deferred inflows of resources, nonfinancial assets held for resale, and principal of endowments and permanent funds.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

The restricted fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, and contributors), laws and regulations of other governments, or through enabling legislation. The enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation. The City’s restricted fund balance is comprised of fee revenue generated through enabling legislation including housing impact fees reported under the Major Housing Special Revenue Fund, park dedication fees reported under the Major Park Dedication Special Revenue Funds, and transportation impact fees reported under the Major City Projects Fund.

The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the City’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that, by adoption of a resolution prior to the end of the fiscal year, commits fund balance for the next fiscal year. Once adopted, the limitation imposed by the resolution remains in place until an action is taken (Council-approved budget modification) to remove or revise the limitation.

The assigned fund balance includes amount intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. Such intent is expressed by the City Council or its designees and may be changed at the discretion of the City Council or its designees. The City Council has not delegated the authority to make assignments of fund balance and action has been taken by the City Council to assign fund balance for specific purpose.

Unassigned fund balance is the residual amount that have not been restricted, committed, or assigned for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if residual fund balance is less than the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first followed by assigned fund balance. Unassigned fund balance is applied last.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Position Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

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.

Program Revenues

Amounts reported as program revenues on the statement of activities include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of one particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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% of market value as defined by Article XIII A and may be increased by the lesser of the California Consumer Price Index or 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.

The County of Santa Clara (County) assesses properties and distributes property taxes to the City. Liens for property taxes attach on January 1 preceding the fiscal year for which taxes are levied. Taxes are levied on property as it exists on January 1. Secured property taxes are due in two installments on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payments. If delinquent taxes are paid prior to June 30, the County receives the 10% penalty. For delinquencies paid after June 30, the City receives the penalty revenue. Unsecured property tax is disbursed in July and are due upon receipt and become delinquent after 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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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. Collection of property tax is the responsibility of the County.

Compensated Absences

The City's compensated absences consist of accrued paid time off, compensatory time and other paid leave, with benefits varying by employee group. The total amount of accrued paid leaves is recorded in the Employee Payroll & Benefits Internal Service Fund and is also reported under governmental activities in the government-wide financial statements. The governmental activities' share of compensated absences are typically liquidated by the General Fund.

Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's proprietary funds and internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Effects of New Pronouncements

As of July 1, 2021, the City implemented the following GASB Statement:

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Implementation of this statement had a significant impact on the City's financial statements for the year ended June 30, 2022. See Note 14.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are 1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and 2) to simplify accounting for interest cost incurred before the end of a construction period. Implementation of this statement did not have a significant impact on the City’s financial statements for the fiscal year ended June 30, 2022.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. Implementation of this statement did not have a significant impact on the City’s financial statements for the fiscal year ended June 30, 2022.

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this statement are to assist state and local government in the transition away from existing interbank offered rates (IBORs), including the London Interbank Offered Rate (LIBOR) to other reference rates. Implementation of this statement did not have a significant impact on the City’s financial statements for the year ended June 30, 2022.

In June 2020, the GASB issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No 32*. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Implementation of this statement did not have a significant impact on the City’s financial statements for the fiscal year ended June 30, 2022.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (a) practice issues that been identified during implementation and application of certain GASB Statements and (b) accounting and financial reporting for financial guarantees. The requirements related to the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statements No. 53 and No. 63 are effective upon issuance. Implementation of these requirements did not have a significant impact on the City’s financial statements for the fiscal year ended June 30, 2022.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

The City is currently analyzing its accounting practices to identify the potential impact on the financial statements for the GASB statements as follows:

In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosure. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2023.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objectives of this statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for the City’s fiscal year ending June 30, 2023.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2023.

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The requirements related to leases, public-private partnerships (PPPs), and SBITAs are effective for the City’s fiscal year ending June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for the City’s fiscal year ending June 30, 2024.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant consistent, and comparable information for making decisions or assessing accountability. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2024.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2025.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The budgetary control and required budgetary comparison schedules are presented in the Required Supplementary Information section.

Deficit Net Position and Fund Balances

Although the combined net position for all internal service funds was \$35,435,015, one of the internal service funds, Property and Liability Insurance Fund, had a deficit net position of \$2,547,122 at year end. The deficit was caused by the claims and judgments payable for the general liability program. The deficit is expected to be funded by future internal service charges to other City funds.

The deficit net position of \$12,077,196 in the Private Purpose Trust Fund was the combined total of the CFD No. 3 positive net position of \$125,064 and the RSA negative net position of \$12,202,260. The RSA has significant noncurrent liabilities which will be liquidated by future receipts from the Redevelopment Property Tax Trust Fund (RPTTF) determined by the State of California and distributed by the County. Note 20 provides a detailed explanation of those liabilities.

The deficit fund balance for the 2016 Measure B Santa Clara VTA Nonmajor Governmental Fund was \$676,345. The deficit is expected to be funded by the receipt of intergovernmental revenues during the following fiscal year.

NOTE 3 – DEPOSITS AND INVESTMENTS

Except for funds required to be held separately by fiscal agents under the provisions of bond indentures or trust arrangements, the City maintains a deposits and investment pool, which includes cash balances and authorized investments of all funds. This pool is managed by the City Treasurer to preserve capital and enhance interest earnings.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

Summary of Deposits and Investments

	<u>Government-Wide Statement of Net Position</u>			<u>Fund Financials</u>
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>	<u>Fiduciary Statement of Net Position</u>
Deposits and Investments Held by the City	\$ 266,228,070	\$ 263,398,316	\$ 529,626,386	
Restricted Deposits and Investments:				
Held by the City	293,743,578	10,489,934	304,233,512	
Held by the Fiscal Agent	72,692,699	4	72,692,703	
Total Government-Wide Deposits and Investments	\$ 632,664,347	\$ 273,888,254	\$ 906,552,601	
Deposits and Investments in City Treasury Pool				\$ 1,873,309
Deposits and Investments Outside of City Treasury Pool				3,289,102
Deposits and Investments Held by the Fiscal Agent and Trustee				135,658,912
Total Fiduciary Deposits and Investments				\$ 140,821,323

Deposits and Cash on Hand in the City Treasury Pool

The carrying amount of the cash and deposits in the City pool totaled \$66,005,977 at June 30, 2022. Bank balances before reconciling items (i.e., deposits in transit and outstanding checks) were \$81,236,338, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City’s name.

Investments

Investments are stated at fair value with certain exceptions. For the City, the exception means to apply a cost-based measure to investments in nonparticipating interest-earning investment contracts and to money market investments and participating interest-earning investment contracts that have a remaining maturity at the time of purchase of one year or less.

The City recognizes the change in fair value of investments in the year the change occurred. The City’s portfolio value fluctuates in an inverse relationship to any change in interest rate. Net change in the fair value of investments takes 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 and the investment is redeemed at face value.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

Investment Policy

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

Authorized Investment Type	Maximum Maturity	Percentage of Portfolio	Investment in One Issuer
Securities issued by the U.S. Treasury	7 years	100%	N/A
Government Agency and Sponsored Enterprise Securities	7 years	100%	30% *
Banker's Acceptances	180 days	40% *	5% *
Federally Insured Bank Deposits	5 year *	20% *	5% *
Collateralized Bank Deposits	1 year *	20% *	5% *
Negotiable Certificates of Deposit	5 year *	30%	5% *
Certificates of Deposits Placement Service	5 year *	30%	5% *
Repurchase Agreements	15 days *	10% *	N/A
Commercial Paper	270 days *	25%	5% *
Corporate Medium-term Notes	5 years	30%	5% *
Mortgage Backed, Mortgage Pass-through Securities, Collateralized Mortgage Obligations, and Asset-backed Securities	5 years	20%	5% *
Money Market Mutual Funds	N/A	20% *	N/A
Municipal Bonds	5 years	30%	5% *
Local Agency Investment Fund	N/A	N/A	N/A
Supranational Securities	5 years	30%	N/A

* Represents items in which the City’s Investment Policy is more restrictive than the California Government Code.

The City’s Investment Policy does not apply to trust accounts held by the fiscal agents, which are invested as directed by separate trust arrangements.

Fair Value Hierarchy

The City holds less complex types of investments, which are measured at fair value on a recurring basis. The City categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The City uses brokers to obtain fair value measurements developed in accordance with GASB Statement No. 72. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs include inputs that are directly observable for the investment (including quoted price for similar investments) and inputs that are not directly observable but are derived from observable market data through correlation. Level 3 inputs are significant unobservable inputs.

Investment securities classified in Level 2 of the fair value hierarchy are valued using prices determined by the use of matrix pricing techniques by the pricing vendors for these securities. Matrix pricing is used to value securities based on the securities relationship to benchmark quoted prices.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

The City had the following recurring fair value measurements as of June 30, 2022:

Investments	Balance at June 30, 2022	Significant Other Observable Inputs (Level 2)
City Treasury Pooled Investments		
Investments Subject to Fair Value Hierarchy:		
Corporate Notes	\$ 185,794,705	\$ 185,794,704
ABS - Asset Back Securities	82,556,934	82,556,934
CMO - Collateralized Mortgage Obligations	49,671,054	49,671,053
Municipal Bonds	4,386,485	4,386,485
Supranational Securities	17,527,965	17,527,965
Federal Agency Issues	188,404,246	188,404,247
U.S. Treasury Securities	167,133,215	167,133,215
Investments Subject to Fair Value Hierarchy	695,474,604	<u>695,474,603</u>
Investments Not Subject to Fair Value Hierarchy:		
Cash Equivalent Mutual Funds/Accounts	298,810	
Local Agency Investment Funds	73,953,816	
Total City Treasury Pooled Investments*	<u>\$ 769,727,230</u>	
City Investments Held by Fiscal Agent		
US Treasury Securities	\$ 51,757,565	51,757,565
Negotiable CD	5,995,995	5,995,995
Corporate Commercial Paper	1,298,136	1,298,136
Investments Subject to Fair Value Hierarchy	59,051,696	<u>\$ 59,051,696</u>
Investments Not Subject to Fair Value Hierarchy:		
Cash Equivalent Mutual Funds/Accounts	4,121,496	
Open-Ended Mutual Funds (Fixed Income/Equity)	9,519,511	
Total Investments Held by Fiscal Agent	<u>\$ 72,692,703</u>	
Fiduciary Fund Investments Outside of City Treasury Pool		
Investments Not Subject to Fair Value Hierarchy:		
Cash Equivalent Mutual Funds/Accounts	\$ 2,942,409	
Local Agency Investment Funds	346,693	
	<u>\$ 3,289,102</u>	
Fiduciary Fund Investments Held by Fiscal Agent		
Investments Not Subject to Fair Value Hierarchy:		
Cash Equivalent Mutual Funds/Accounts	\$ 9,649,817	
Local Agency Investment Funds	646,790	
Open-Ended Mutual Funds (Fixed Income/Equity)	123,614,165	
Guaranteed Investment Contracts	1,748,140	
Fiduciary Fund Investments with Fiscal Agent	<u>\$ 135,658,912</u>	

* The City Treasury included \$1,873,309 of Fiduciary Fund's deposits and investments.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

Risk Disclosures

Credit Risk

This is risk that a security or a portfolio will lose some or all its value due to a real or perceived change in the ability of the issuer to repay its debt. If a security is downgraded by either Moody's or Standard & Poor's (S&P) to a level below the minimum quality required by the City, it is the City's policy to sell that security as soon as practicable.

The following table provides credit rating information for applicable investments:

	Credit Ratings S&P/Moody's	Fair Value	Total
City Treasury Pooled Cash and Investments:			
Bank Deposits and Cash on Hand			\$ 66,005,977
Investments:			
Corporate Notes:			
Amazon	AA / A1	\$ 9,093,078	
American Honda	A- / A3	6,076,516	
Apple	AA+ / Aaa	5,656,434	
Bank of America Corp	A- / A2	10,826,056	
Bank of Montreal	A- / A2	8,053,334	
Bank of NY Mellon	A / A1	10,315,111	
Berkshire Hathaway	AA / Aa2	6,053,894	
Caterpillar Fini Service Note	A / A2	11,793,380	
Charles Schwab Corp	A / A2	9,981,723	
John Deere Capital	A / A2	4,226,166	
JP Morgan Chase & Co	A- / A2	11,218,383	
Morgan Stanley	A- / A1	3,279,472	
Northern Trust Company	A+ / A2	2,997,170	
Paccar Financial	A+ / A1	7,583,612	
Procter & Gamble Co	AA- / Aa3	9,412,080	
Prologis LP	A- / A3	4,858,020	
Royal Bank of Canada	A / A1	11,276,279	
Salesforce.com Inc	A+ / A2	6,156,241	
Target Corp	A / A2	3,571,755	
Toronto Dominion Bank	A / A1	9,661,394	
Toyota Motor	A+ / A1	11,473,633	
Truist Bank	A / A2	7,132,538	
United Health Group	A+ / A3	4,513,348	
US Bank	AA- / A1	9,119,107	
Wal-Mart Stores	AA / Aa2	1,465,981	
Total Corporate Notes		<u>185,794,705</u>	<u>(continued)</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

	Credit Ratings S&P/Moody's	Fair Value	Total
Government Sponsor Enterprise, Asset-Back, Municipal Bonds, and Supranational:			
ABS (American Exp, BMW, GM Fin, Verizon, Mercedes-Benz, Honda, Hyndai, Toyota)	AAA / NR	39,630,253	
ABS (GM Financial, BMW, Honda, Toyota, Nissan)	AAA / Aaa	13,992,437	
ABS (BMW, John Deere, American Express, Toyota, Honda)	NR / Aaa	28,934,244	
CMO (FHLMC)	AAA / NR	12,882,758	
CMO (FHLMC)	NR / Aaa	23,011,558	
CMO (FHLMC)	NR / NR	13,776,738	
Municipal Bonds (State of CA Taxable GO)	AA- / Aa2	4,386,485	
Supranational Securities (IBRD, IADB)	AAA / Aaa	17,527,965	
Federal Farm Credit Bank	AA+ / Aaa	1,797,854	
Federal Home Loan Bank	AA+ / Aaa	57,920,258	
Federal Home Loan Mortgage Corporation	AA+ / Aaa	48,844,677	
Federal National Mortgage Association	AA+ / Aaa	79,841,457	
Total Government Sponsor Enterprise, Asset-Back, Municipal Bonds, and Supranational			<u>342,546,684</u>
U.S. Treasury Securities	Not Required		167,133,215
Money Market Fund	AAA / Aaa		298,810
Local Agency Investment Funds	Not Rated		<u>73,953,816</u>
City Pooled Cash and Investments (including \$1,873,309 from Fiduciary Funds)			<u><u>\$ 835,733,207</u></u>

	Credit Ratings S&P/Moody's	Fair Value	Total
City Cash and Investments with Fiscal Agent:			
U.S. Treasury Securities	Not Required	\$ 51,757,565	
Negotiable CD	Not Rated	5,995,995	
Toyota Motor Credit Corp CP	A1+/P1	1,298,136	
Cash Equivalent Mutual Funds/Accounts	Not Rated	4,121,496	
Open-Ended Mutual Funds (Fixed Income/Equity)	Not Rated	9,519,511	
Total City Cash and Investments with Fiscal Agents			<u><u>\$ 72,692,703</u></u>
Fiduciary Funds Cash and Investments Outside of City Treasury Pool			
Cash Equivalent Mutual Funds/Accounts	Not Rated	\$ 2,942,409	
Local Agency Investment Funds	Not Rated	346,693	
Fiduciary Fund Deposits and Investments not in the City Treasury Pool			<u><u>\$ 3,289,102</u></u>
Fiduciary Funds Cash and Investments Held by Fiscal Agent			
Cash Equivalent Mutual Funds/Accounts	Not Rated	\$ 9,649,817	
Local Agency Investment Funds	Not Rated	646,790	
Open-Ended Mutual Funds (Fixed Income/Equity)	Not Rated	123,614,165	
Guaranteed Investment Contracts	Not Rated	1,748,140	
Fiduciary Fund Deposits and Investments not in the City Treasury Pool			<u><u>\$ 135,658,912</u></u>

(concluded)

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

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 in debt securities to the duration of a Market Benchmark selected by the City. Investments held in the City Treasury grouped by maturity date at June 30, 2022 are as follows:

	Maturity (in years)				Total Fair Value
	1 year or less	1 to 2 years	2 to 5 years	5 to 10 years	
Investments Held by the City					
Corporate Notes:					
Amazon	\$ -	\$ -	\$ 9,093,078	\$ -	\$ 9,093,078
American Honda	-	6,076,516	-	-	6,076,516
Apple	-	-	5,656,434	-	5,656,434
Bank of America Corp	-	5,194,776	5,631,280	-	10,826,056
Bank of Montreal	-	-	8,053,334	-	8,053,334
Bank of NY Mellon	-	-	10,315,111	-	10,315,111
Berkshire Hathaway	-	-	6,053,894	-	6,053,894
Caterpillar Fini Service Note	-	-	11,793,380	-	11,793,380
Charles Schwab Corp	-	4,770,276	5,211,447	-	9,981,723
John Deere Capital	-	4,226,166	-	-	4,226,166
JP Morgan Chase & Co	-	-	11,218,383	-	11,218,383
Morgan Stanley	-	-	3,279,472	-	3,279,472
Northern Trust Company	-	-	2,997,170	-	2,997,170
Paccar Financial	-	-	7,583,612	-	7,583,612
Procter & Gamble Co	-	-	9,412,080	-	9,412,080
Prologis LP	-	-	4,858,020	-	4,858,020
Royal Bank of Canada	-	-	11,276,279	-	11,276,279
Salesforce.com Inc	-	-	6,156,241	-	6,156,241
Target Corp	-	-	3,571,755	-	3,571,755
Toronto Dominion Bank	-	1,492,437	8,168,957	-	9,661,394
Toyota Motor	-	-	11,473,633	-	11,473,633
Truist Bank	-	-	7,132,538	-	7,132,538
United Health Group	-	-	4,513,348	-	4,513,348
US Bank	-	-	9,119,107	-	9,119,107
Wal-Mart Stores	-	-	1,465,981	-	1,465,981
ABS (Asset Back-Securities)	-	4,198,082	78,358,852	-	82,556,934
CMO (FHLMC)	1,406,326	25,661,326	22,603,402	-	49,671,054
Municipal Bonds	-	-	4,386,485	-	4,386,485
Supranational Securities	-	-	17,527,965	-	17,527,965
Federal Farm Credit Bank	1,797,854	-	-	-	1,797,854
Federal Home Loan Bank	7,008,561	36,226,756	14,684,941	-	57,920,258
Federal Home Loan Mortgage Corporation	5,984,100	8,883,269	33,977,308	-	48,844,677
Federal National Mortgage Association	-	8,208,339	64,539,774	7,093,344	79,841,457
U.S. Treasury Securities	-	57,275,239	109,857,976	-	167,133,215
Cash Equivalent Mutual Funds/Accounts	298,810	-	-	-	298,810
Local Agency Investment Funds	73,953,816	-	-	-	73,953,816
Total	\$ 90,449,467	\$ 162,213,182	\$ 509,971,237	\$ 7,093,344	\$769,727,230

(continued)

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

	Maturity (in years)				Total Fair Value
	1 year or less	1 to 2 years	2 to 5 years	5 to 10 years	
City Investments Held by Fiscal Agent					
U.S. Treasury Securities	\$ 51,757,565	\$ -	\$ -	\$ -	\$ 51,757,565
Negotiable CD	5,995,995	-	-	-	5,995,995
Toyota Motor Credit Corp CP	1,298,136	-	-	-	1,298,136
Cash Equivalent Mutual Funds/Accounts	4,121,496	-	-	-	4,121,496
Open-Ended Mutual Funds (Fixed Income)	4,353,102	-	-	-	4,353,102
Open-Ended Mutual Funds (Equity)	5,166,409	-	-	-	5,166,409
Total	<u>\$ 72,692,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 72,692,703</u>
Fiduciary Fund Investments Outside of City Treasury Pool					
Cash Equivalent Mutual Funds/Accounts	\$ 2,942,409	\$ -	\$ -	\$ -	\$ 2,942,409
Local Agency Investment Funds	346,693	-	-	-	346,693
Total	<u>\$ 3,289,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,289,102</u>
Fiduciary Fund Investments Held by Fiscal Agent					
Cash Equivalent Mutual Funds/Accounts	\$ 9,649,817	\$ -	\$ -	\$ -	\$ 9,649,817
Local Agency Investment Funds	646,790	-	-	-	646,790
Open-Ended Mutual Funds (Fixed Income)	45,064,284	-	-	-	45,064,284
Open-Ended Mutual Funds (Equity)	78,549,881	-	-	-	78,549,881
Guaranteed Investment Contracts	-	-	-	1,748,140	1,748,140
Total	<u>\$ 133,910,772</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,748,140</u>	<u>\$ 135,658,912</u>

(concluded)

Custodial Credit Risk – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires California depositories 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 fair value of pledged securities must equal at least 110% of the City's cash deposits. California law also allows institutions to secure the City’s deposits by pledging first trust deed mortgage notes having a value of 150% of the City’s total cash deposits or letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% in excess of the total amount of deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. To mitigate this risk, all 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, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

Concentration of Credit Risk – This is the risk of loss attributed to the magnitude of investment in any single issuer, excluding investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds and external investment pools.

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 U.S. Government, its agencies and instrumentalities, and Local Agency Investment Fund (LAIF). Additionally, no more than 10% may be invested in short-term repurchase agreements or money market mutual funds.

According to GASB Statement No. 40, investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools are excluded from this requirement. At June 30, 2022, investments in the following issuers represented 5% or more of investments in the City Treasury pool.

<u>Issuer</u>	<u>Amount</u>
Collateralized Mortgage Obligations-FHLMC	\$ 49,671,054
Federal Home Loan Bank	57,920,258
Federal Home Loan Mortgage Corporation	48,844,677
Federal National Mortgage Association	79,841,457
Total	<u>\$ 236,277,446</u>

Investments in Local Agency Investment Fund

The State Treasurer administers a single pooled investment program comprising both an internal investment pool and an external investment pool (LAIF). The City is a participant in LAIF. LAIF offers local agencies within California the opportunity to participate in a major portfolio using the expertise of the State Treasurer’s Office investment staff at no additional cost to taxpayers. Oversight of LAIF is provided by the Pooled Money Investment Board and the Local Agency Investment Advisory Board. These boards review LAIF investment policies annually. In addition, the Bureau of State Audits has a continuing audit process throughout the year.

The State Treasurer’s Office reports its investments at fair value. The fair value of securities in the pooled investment program generally is based on quoted market prices. The fair market valuations of the pooled investment program portfolio can be obtained from the State Treasurer’s Office website at www.treasurer.ca.gov.

The City’s LAIF account balance available for withdrawal is based on amortized cost. LAIF values participants’ shares on an amortized cost basis, which is not designed to distribute to participants all unrealized gains and losses in the fair value of the pool’s investments. There are no significant limitations or restrictions on participant withdrawals.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

According to the LAIF Performance Report for the quarter ending June 30, 2022, the weighted average life of the securities in the pooled investment program administered by the State Treasurer’s Office was 311 days. A weighted average life measure expresses the length of time that each dollar of principal remains unpaid without taking into account the maturing shortening features used in calculating the weighted average maturity.

The State Treasurer’s Office also reports participant fair value as a ratio of amortized cost on a quarterly basis. The total difference between the fair value of the investments in the pool and the value distributed to pool participants using the amortized cost method is not considered material.

The City valued its investments in LAIF at fair value as of June 30, 2022, by multiplying its account balance with LAIF by the 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 0.987125414.

LAIF is part of the State’s Pooled Money Investment Account (PMIA). The total balance of the PMIA is approximately \$234.5 billion as of June 30, 2022. Of that amount, 98.12% was invested in nonderivative financial products and 1.88% in structured notes and asset backed securities.

NOTE 4 – RECEIVABLES

Government Wide Financial Statements

At June 30, 2022, the government-wide financial statements show the following current receivables net of allowances for uncollectible amounts:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Unrestricted:			
Accounts	\$ 885,333	\$ 29,821,218	\$ 30,706,551
Taxes	11,011,198	-	11,011,198
Interest	967,000	991,086	1,958,086
Other	825,103	15,334	840,437
Allowance	<u>(228,167)</u>	<u>(2,200,218)</u>	<u>(2,428,385)</u>
Total Unrestricted	<u>13,460,467</u>	<u>28,627,420</u>	<u>42,087,887</u>
Restricted:			
Accounts	52,873	-	52,873
Interest	1,042,053	-	1,042,053
Other	<u>2,052,119</u>	<u>-</u>	<u>2,052,119</u>
Total Restricted	<u>3,147,045</u>	<u>-</u>	<u>3,147,045</u>
Total Current Receivables, Net	<u>\$ 16,607,512</u>	<u>\$ 28,627,420</u>	<u>\$ 45,234,932</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 4 – RECEIVABLES, Continued

Fund Financial Statements

At June 30, 2022, the fund financial statements show the following current receivables net of allowances for uncollectible amounts:

	<u>Accounts Receivable</u>	<u>Taxes</u>	<u>Interest</u>	<u>Other</u>	<u>Less: Allowance for Uncollectible</u>	<u>Total</u>
Governmental Funds:						
General	\$ 928,151	\$ 11,011,198	\$ 583,047	\$ 581,986	\$ (228,167)	\$ 12,876,215
Housing	-	-	242,578	789,413	-	1,031,991
Park Dedication	-	-	319,306	22,700	-	342,006
City Projects	-	-	197,635	-	-	197,635
Infrastructure Renovation and Replacement	-	-	250,399	-	-	250,399
Capital Project Civic Center	-	-	173,890	-	-	173,890
Nonmajor Governmental	-	-	99,961	1,243,489	-	1,343,450
Total Governmental Funds	<u>\$ 928,151</u>	<u>\$ 11,011,198</u>	<u>\$ 1,866,816</u>	<u>\$ 2,637,588</u>	<u>\$ (228,167)</u>	<u>\$ 16,215,586</u>
Proprietary Funds:						
Water Supply and Distribution	\$ 10,880,414	\$ -	\$ 330,244	\$ 1,111	\$ (712,094)	\$ 10,499,675
Wastewater Management	9,012,911	-	328,816	-	(616,908)	8,724,819
Solid Waste Management	9,902,229	-	96,932	5,552	(871,216)	9,133,497
SMART Station	-	-	1,395	-	-	1,395
Development	25,664	-	233,699	-	-	259,363
Golf and Tennis Operations	-	-	-	8,671	-	8,671
Internal Service Funds	10,055	-	142,237	239,634	-	391,926
Total Proprietary Funds	<u>\$ 29,831,273</u>	<u>\$ -</u>	<u>\$ 1,133,323</u>	<u>\$ 254,968</u>	<u>\$ (2,200,218)</u>	<u>\$ 29,019,346</u>
Fiduciary Funds:						
OPEB Trust Fund	\$ -	\$ -	\$ 8,932	\$ -	\$ -	\$ 8,932
Private-Purpose Trust Funds	-	-	2,334	11,172,683	-	11,175,017
Custodial Funds	-	-	52,252	-	-	52,252
Total Fiduciary Funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,518</u>	<u>\$ 11,172,683</u>	<u>\$ -</u>	<u>\$ 11,236,201</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 5 – 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, 2022, the City had intergovernmental receivables in the following major funds and nonmajor funds in the aggregate:

<i>Governmental Activities:</i>	
<i>Governmental Funds:</i>	
General Fund	\$ 1,835,818
City Projects Fund	5,089,637
Nonmajor Funds	<u>2,983,958</u>
Total Governmental Activities	<u><u>\$ 9,909,413</u></u>
<i>Business-Type Activities:</i>	
Wastewater Management Enterprise Fund	\$ 7,263
Solid Waste Management Enterprise Fund	227,828
SMaRT Station Enterprise Fund	<u>18,812</u>
Total Business-Type Activities	<u><u>\$ 253,903</u></u>

NOTE 6 – LONG-TERM RECEIVABLES FROM 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 0.76% to 1.14%, and have repayment terms of 45 years. At June 30, 2022, the City had three loans to City employees in the amount of \$590,228 and \$3,228,221 reported under the General Fund and the Employee Payroll & Benefits Internal Service Fund, respectively, which totaled to \$3,818,449.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 7 – HOUSING LOANS RECEIVABLE

The maturity schedule for the housing loans receivable reported in the governmental activities as of June 30, 2022 were as follows:

Maturity Date Year Ending June 30,	Community Development Block Grant	HOME Grant	Housing Mitigation	Other Housing	Total
2023	\$ 533,495	\$ -	\$ -	\$ -	\$ 533,495
2024	58,435	1,431,530	-	-	1,489,965
2025	-	-	-	-	-
2026	507,899	-	-	-	507,899
2027	95,127	-	-	-	95,127
2028-2032	2,035,214	964,152	1,027,525	-	4,026,890
2033-2037	1,110,303	185,225	226,258	74,321	1,596,107
2038-2042	6,092,893	1,938,107	2,292,929	402,001	10,725,931
2043-2047	937,054	2,172,209	382,368	-	3,491,632
2048-2052	201,850	-	513,883	497,673	1,213,405
2053-2057	874,814	-	-	-	874,814
2057-2062	-	650,763	1,026,837	-	1,677,600
2058-2062	74,136	-	-	-	74,136
2063-2067	134,422	279,792	6,600,000	-	7,014,214
2068-2072	-	2,454,006	17,479,155	-	19,933,160
2073-2077	-	2,569,939	12,377,502	-	14,947,440
2078-2082	-	492,798	17,827,712	-	18,320,510
Due Upon Sale or Transfer of Property	328,583	-	-	-	328,583
	<u>12,984,225</u>	<u>13,138,520</u>	<u>59,754,168</u>	<u>973,994</u>	<u>86,850,907</u>
Less: Allowance for Uncollectibles	<u>(259,685)</u>	<u>(262,769)</u>	<u>(1,195,083)</u>	<u>(19,481)</u>	<u>(1,737,018)</u>
Housing Loans Receivables, Net at June 30, 2022	<u>\$ 12,724,540</u>	<u>\$ 12,875,751</u>	<u>\$ 58,559,085</u>	<u>\$ 954,513</u>	<u>\$ 85,113,889</u>

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. Interest rates are set at below market rates and, in some cases, below the rate of inflation. Repayment of these loans is not assured until cash is received, and in some instances the loans are either not fully recoverable (e.g., mobile home loans due to depreciation) or terms are extended. The City maintains an allowance to reflect both the economic cost of providing loans at low interest rates, which reduces their present value, and for credit risk. 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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 7 – HOUSING LOANS RECEIVABLE, Continued

Community Development Block Grant (CDBG) Loans

The City has made a number of loans 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.

HOME Grant Loans

The City has made loans using Federal HOME funds for the construction, rehabilitation, or acquisition of housing for low-income households, and for First Time Homebuyer Loans.

Housing Mitigation Loans

The City has made housing mitigation loans using housing mitigation and State housing funds. These loans are given to qualified applicants and can be used for acquisition, rehabilitation, new construction and predevelopment costs of affordable housing.

Other Housing Loans

The City has made loans using Below Market Rates (BMR) funds to qualified first time homebuyers.

NOTE 8 – UNEARNED REVENUES

Unearned revenues represent a liability for resources obtained prior to revenue recognition. At June 30, 2022, the City has unearned revenue in the amount of \$35,300 and \$278,148 reported under the governmental activities and business-type activities, respectively, which totaled to \$313,448.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 9 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Government-Wide Financial Statements

Deferred Outflows of Resources	Governmental Activities	Business-Type Activities
Deferred Outflows of Resources Related to Pensions	\$ 40,852,594	\$ 7,112,293
Deferred Outflows of Resources Related to OPEB	13,445,079	3,665,006
Total Deferred Outflows of Resources	<u>\$ 54,297,673</u>	<u>\$ 10,777,299</u>

Deferred Inflows of Resources	Governmental Activities	Business-Type Activities
Imposed Nonexchange Revenue:		
Business License Tax Received for Next Period	\$ 1,021,431	\$ -
Gain on Debt Refunding	-	80,051
Service Concession Arrangement	-	233,541
Leases	10,700,343	6,612,236
Deferred Inflows of Resources Related to Pensions	88,510,870	12,061,308
Deferred Inflows of Resources Related to OPEB	25,827,636	5,730,476
Total Deferred Outflows of Resources	<u>\$ 126,060,280</u>	<u>\$ 24,717,612</u>

Fund Financial Statements

At June 30, 2022, the following items were recorded in the governmental fund financial statements as deferred inflows of resources:

	General Fund	Housing Special Revenue	Capital Projects	Nonmajor Governmental	Total
Interest - Interfund Advances	\$11,123,324	\$ -	\$ -	\$ -	\$11,123,324
Interest on Loans to City Employees	38,063	-	-	-	38,063
Capital Special Assessments	5,628	-	-	-	5,628
Administrative Citations on Tax Roll	26,950	-	-	-	26,950
Proposition 172 Revenue	178,734	-	-	-	178,734
Intergovernmental Cost Reimbursements	1,435,525	-	-	-	1,435,525
Interest - Housing Loans	-	4,214,325	-	6,869,441	11,083,766
Unavailable Grant Revenues	-	-	4,047,216	830,161	4,877,377
Leases	9,578,308	-	1,122,035	-	10,700,343
Business License Tax Revenue	1,021,431	-	-	-	1,021,431
Total	<u>\$23,407,963</u>	<u>\$ 4,214,325</u>	<u>\$ 5,169,251</u>	<u>\$ 7,699,602</u>	<u>\$40,491,141</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 10– INTERNAL BALANCES/INTERFUND BALANCES

Government-Wide Financial Statements

Internal Balances consist of the following items:

<u>Internal Balances</u>	<u>Amount</u>
Outstanding Advances to/from balances between Governmental and Business-Type Activities	\$ 11,123,324
Amount owed to Business-Type Activities for internal service fund activities	(2,997,767)
Total	\$ 8,125,557

Fund Financial Statements

Due to/from Other Funds

The composition of due to/due from other funds at year end is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Capital Project Civic Center	\$ 30,974,608
	Nonmajor Governmental	1,087,216
Housing Special Revenue Fund	Nonmajor Governmental	675,803
	Total	\$ 32,737,627

The amounts due to the General Fund from the other funds were due to cash flow needs at year end. These amounts will be repaid shortly after the end of the fiscal year as cash is available for the payable funds.

Advances to/from Other Funds

The following schedule presents the balances of interfund advances at year end:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Wastewater Management	\$ 4,794,972
	Solid Waste Management	6,328,352
	Total	\$ 11,123,324

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 10 – INTERNAL BALANCES/INTERFUND BALANCES, Continued

Refer to Note 1 that explains accounting for interfund advances. Details about interfund advances transactions are provided as follows:

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. During fiscal year 1996, the General Fund advanced an additional \$2,453,635 to the Wastewater Management Fund for cash flow purposes. Starting from fiscal year 2018, the interest rate charged to the Wastewater Management Fund on advances reduces from 7% to rates ranging from 1.25% to 3%. During the current fiscal year, repayment of \$949,615 was made to the General Fund. Annual repayments are budgeted as follows: \$949,615 annually from fiscal year 2023 to fiscal year 2027, and \$517,050 in fiscal year 2028 to pay off the remaining balance. At June 30, 2022, total loan balance was \$4,794,972.

During fiscal years ended 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 1995 and 1999, 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. Starting from fiscal year 2018, the interest rate charged to the Solid Waste Management Fund on advances reduces from 7% to rates ranging from 1.25% to 3%. During the fiscal year, repayment of \$3,470,202 was made to the General Fund. Annual repayments are budgeted as follows: \$3,470,202 for fiscal year 2023 and \$3,048,003 in fiscal year 2024 to pay off the remaining balance. At June 30, 2022, total loan principal balance was \$6,328,352.

During the fiscal year ended June 30, 2012, the Wastewater Management Fund advanced to the Solid Waste Management Fund \$2,000,000 for the purpose of alleviating cash flow issues. Starting from fiscal year 2018, the interest rate charged to the Wastewater Management Fund on advances reduced from 4.5% to rates ranging from 1.25% to 3%. The payment of \$243,616 for fiscal year 2022 paid off the remaining balance.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 11 – CAPITAL ASSETS

Modified Approach for Street Pavement System

The City elected to use the modified approach as defined by GASB Statement No. 34 for infrastructure reporting for its street pavement system. As a result, accumulated depreciation or depreciation expense has not been recorded for this system. A more detailed discussion of this approach is presented in the required supplementary information section of this report. All other capital assets were reported using the basic approach whereby accumulated depreciation and depreciation expense have been recorded.

Donated Capital Assets

During this fiscal year, the City received developers’ capital asset contributions with estimated acquisition value approximating \$58.1 million for governmental activities and \$5.2 million for business-type activities.

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

	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Nondepreciable Assets:					
Land	\$ 144,052,170	\$ 46,684,030	\$ -	\$ -	\$ 190,736,200
Construction in Progress	124,323,937	124,424,735	-	(15,137,802)	233,610,870
Infrastructure - Streets	168,463,416	6,193,100	-	-	174,656,516
Total Nondepreciable Assets	436,839,523	177,301,865	-	(15,137,802)	599,003,586
Depreciable Assets:					
Buildings and Structures	122,827,138	88,332	-	268,944	123,184,414
Improvements Other than Buildings	146,822,447	12,924,461	-	12,178,510	171,925,418
Machinery and Equipment	52,255,720	3,225,476	(3,168,366)	1,572,618	53,885,448
Infrastructure	103,813,418	2,324,668	-	1,117,730	107,255,816
Total Depreciable Assets	425,718,723	18,562,937	(3,168,366)	15,137,802	456,251,096
Accumulated Depreciation:					
Buildings and Structures	(70,761,345)	(2,651,406)	-	-	(73,412,751)
Improvements Other than Buildings	(67,166,332)	(4,574,167)	-	-	(71,740,499)
Machinery and Equipment	(34,604,010)	(2,993,141)	2,825,523	-	(34,771,628)
Infrastructure	(69,150,069)	(2,003,030)	-	-	(71,153,099)
Total Accumulated Depreciation	(241,681,756)	(12,221,744)	2,825,523	-	(251,077,977)
Depreciable Assets, Net	184,036,967	6,341,193	(342,843)	15,137,802	205,173,119
Total Governmental Activities Capital Assets, Net	\$ 620,876,490	\$ 183,643,058	\$ (342,843)	\$ -	\$ 804,176,705

During the year ended June 30, 2022, the City’s governmental activities expended \$124.4 million for construction in progress including \$98.1 million for the construction of the new Civic Center.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 11 – CAPITAL ASSETS, Continued

Governmental activities’ depreciation expense for capital assets for the year ended June 30, 2022, are as follows:

Public Safety	\$ 807,488
Community Development	2,396,469
Public Works	5,084,110
Environmental Services	219,691
Library and Recreation Services	1,246,207
Internal Service Funds	2,467,779
Total Depreciation Expense	<u><u>\$ 12,221,744</u></u>

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

	Balance				Balance
	June 30, 2021	Additions	Retirements	Transfers	June 30, 2022
Nondepreciable Assets:					
Land	\$ 16,469,169	\$ -	\$ -	\$ -	\$ 16,469,169
Construction in Progress	177,103,837	18,023,625	-	(1,837,467)	193,289,995
Total Nondepreciable Assets	<u>193,573,006</u>	<u>18,023,625</u>	<u>-</u>	<u>(1,837,467)</u>	<u>209,759,164</u>
Depreciable Assets:					
Buildings and Structures	23,437,545	-	-	-	23,437,545
Improvements Other than Buildings	48,776,210	-	-	1,837,467	50,613,677
Machinery and Equipment	8,110,398	129,915	(23,184)	-	8,217,129
Infrastructure	209,318,769	7,725,519	-	-	217,044,288
Total Depreciable Assets	<u>289,642,922</u>	<u>7,855,434</u>	<u>(23,184)</u>	<u>1,837,467</u>	<u>299,312,639</u>
Accumulated Depreciation:					
Buildings and Structures	(22,805,136)	(69,166)	-	-	(22,874,302)
Improvements Other than Buildings	(41,980,495)	(502,079)	-	-	(42,482,574)
Machinery and Equipment	(6,521,307)	(321,421)	23,184	-	(6,819,544)
Infrastructure	(106,348,945)	(5,465,692)	-	-	(111,814,637)
Total Accumulated Depreciation	<u>(177,655,883)</u>	<u>(6,358,358)</u>	<u>23,184</u>	<u>-</u>	<u>(183,991,057)</u>
Depreciable Assets, Net	<u>111,987,039</u>	<u>1,497,076</u>	<u>-</u>	<u>1,837,467</u>	<u>115,321,582</u>
Amortized Leased Assets:					
Intangible-right to use lease asset	-	902,090	-	-	902,090
Less accumulated amortization	-	(72,159)	-	-	(72,159)
Amortized Assets, Net	<u>-</u>	<u>829,931</u>	<u>-</u>	<u>-</u>	<u>829,931</u>
Total Business-Type Activities					
Capital Assets, Net	<u><u>\$ 305,560,045</u></u>	<u><u>\$ 20,350,632</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 325,910,677</u></u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 11 – CAPITAL ASSETS, Continued

During the year ended June 30, 2022, the City’s business-type activities expended \$18.0 million for construction in progress including \$15.0 million incurred by the Wastewater Management Enterprise Fund primarily for the construction of new primary treatment facilities at the Water Pollution Control Plant.

Business-type activities depreciation and amortization expenses for capital assets for the year ended June 30, 2022 are as follows:

Water Supply and Distribution	\$ 2,638,128
Wastewater Management	3,292,283
Solid Waste Management	180,188
SMaRT Station	91,927
Development	3,161
Golf and Tennis Operations	224,830
Total Depreciation/Amortization Expense	<u><u>\$ 6,430,517</u></u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 12 – NONCURRENT LIABILITIES

The following is a summary of changes in long-term liabilities during the fiscal year ended June 30, 2022:

Description	Beginning Balance, July 1, 2021	Additions	Reductions	Bond Amortization	Ending Balance, June 30, 2022	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:							
Lease Financing/Certificates of Participation:							
1998 Parking Facility Lease	\$ 2,400,000	\$ -	\$ (1,150,000)	\$ -	\$ 1,250,000	\$ 1,250,000	\$ -
2020 Civic Center Lease	150,420,554	-	-	(625,059)	149,795,495	-	149,795,495
Other:							
Risk Management: Self Insurance and							
Contingent Liability	22,233,000	5,004,894	(4,369,894)	-	22,868,000	5,568,930	17,299,070
Compensated Absences	21,016,218	12,760,469	(13,080,154)	-	20,696,533	13,455,664	7,240,869
Total Governmental Activities	\$ 196,069,772	\$ 17,765,363	\$ (18,600,048)	\$ (625,059)	\$ 194,610,028	\$ 20,274,594	\$ 174,335,434
Business-Type Activities:							
Revenue Bonds:							
Water Nontaxable Series 2017A	\$ 13,458,507	\$ -	\$ -	\$ (77,254)	\$ 13,381,253	\$ -	\$ 13,381,253
Water Taxable Series 2017A-T	2,950,000	-	(545,000)	-	2,405,000	560,000	1,845,000
Wastewater Nontaxable Series 2017A	15,973,383	-	-	(103,380)	15,870,003	-	15,870,003
Wastewater Taxable Series 2017A-T	5,305,000	-	(1,210,000)	-	4,095,000	1,250,000	2,845,000
Debt from Direct Borrowings and Direct Placements:							
Clean Water State Revolving Fund	105,863,992	6,147,431	-	-	112,011,423	-	112,011,423
WIFIA Loan	127,353	2,058,330	-	-	2,185,683	-	2,185,683
Other:							
Service Concession Arrangement							
Maintenance Liability	1,355,357	-	(60,143)	-	1,295,214	132,843	1,162,371
Lease Liabilities (Note 14)	-	902,090	(73,597)	-	828,493	129,417	699,076
Landfill Postclosure							
Care Costs	6,544,579	1,119,478	(755,338)	-	6,908,719	858,468	6,050,251
Total Business-Type Activities	\$ 151,578,171	\$ 10,227,329	\$ (2,644,078)	\$ (180,634)	\$ 158,980,788	\$ 2,930,728	\$ 156,050,060

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 12 – NONCURRENT LIABILITIES, Continued

Bonded Debt Ratings

The City has an issuer credit rating (ICR) of Aaa from Moody’s. This is the highest possible rating and was recently affirmed in October 2020. Standard & Poor’s (S&P) Rating Services also affirmed the City’s AAA ICR in August 2015. The City has complied with all significant bond covenants and there have been no defaults on any debt service obligations. Below is a summary of the ratings of the City’s bonded debt:

Bonded Debt	Outstanding Par Amount	Ratings	
		Moody's	S&P
1998 Parking Facility, Series A Certificates of Participation	\$ 1,250,000	Aa2	AA+
2020 Civic Center Project, Lease Revenue Bonds	131,200,000	Aa1	AA+
Water Revenue Bonds, Nontaxable Series 2017A	12,010,000	Aa1	AA+
Water Revenue Bonds, Taxable Series 2017A-T	2,405,000	Aa1	AA+
Wastewater Revenue Bonds, Nontaxable Series 2017A	14,035,000	Aa1	AA+
Wastewater Revenue Bonds, Taxable Series 2017A-T	4,095,000	Aa1	AA+

Bonded Debt Obligations

Certificates of Participation

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

Due in original annual installments of \$315,000-\$1,250,000 through October 1, 2022, interest at 3.65%-5.00%. Before the RDA dissolution, debt service payments had been advanced from the General Fund in the form of base rental payments according to the terms of the 1977 Loan Repayment Agreement between the City and the former RDA.

After the RDA dissolution, the City and the Successor Agency reentered into an Amended and Restated Reimbursement Agreement on April 24, 2012, effective retroactively to February 1, 2012. The City’s position is that the funding source of the RSA reimbursement should be the Redevelopment Property Tax Trust Fund (RPTTF) maintained by the County. However, the State Department of Finance (DOF) determined that both the 1977 Loan Repayment Agreement and the reentered 2012 Amended and Restated Reimbursement Agreement for the 1998 COPs would not qualify as enforceable obligations. Recent court rulings have not been favorable to the City.

The debt service requirements for the 1998 Parking Certificates of Participation at June 30, 2022 were as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,250,000	\$ 31,250	\$ 1,281,250

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 12 – NONCURRENT LIABILITIES, Continued

\$131,200,000 2020 Civic Center Lease Revenue Bonds

Issued by the Authority and due in original installments of \$2,455,000-\$4,645,000 until April 1, 2040 and term bonds in the amounts of \$26,165,000, \$31,825,000, and \$14,475,000 due on April 1, 2045, 2050, 2052, respectively. The bonds have fixed interest rates 5.0% in 2024 and 4.0% until 2050 and 2.5% thereafter until the final payment in 2052. Repayments, secured by a first pledge and lien on least revenue, will be made from the lease revenue received by the Authority under a lease agreement dated November 1, 2020 between the Authority, as lessor and the City, as lessee.

The debt service requirements for the bonds at June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 5,055,425	\$ 5,055,425
2024	2,455,000	5,055,425	7,510,425
2025	2,580,000	4,932,675	7,512,675
2026	2,680,000	4,829,475	7,509,475
2027	2,790,000	4,722,275	7,512,275
2028-2032	15,710,000	21,846,175	37,556,175
2033-2037	19,115,000	18,442,175	37,557,175
2038-2042	23,260,000	14,300,575	37,560,575
2043-2047	28,295,000	9,261,175	37,556,175
2048-2052	34,315,000	3,238,625	37,553,625
	<u>131,200,000</u>	<u>91,684,000</u>	<u>222,884,000</u>
Add Unamortized Premium	18,595,495	-	18,595,495
Total	<u>\$ 149,795,495</u>	<u>\$ 91,684,000</u>	<u>\$ 241,479,495</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 12 – NONCURRENT LIABILITIES, Continued

Revenue Bonds

\$12,010,000 Water Revenue Refunding Bonds, Series 2017A

Due in annual installments ranging from \$565,000 to \$1,110,000 starting April 1, 2027 to April 1, 2040, interest at 3.0% - 5.0%, with repayments made from net revenues of the Water Supply and Distribution Enterprise Fund.

The debt service requirements for the bonds at June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 521,350	\$ 521,350
2024	-	521,350	521,350
2025	-	521,350	521,350
2026	-	521,350	521,350
2027	565,000	521,350	1,086,350
2028-2032	3,650,000	2,118,000	5,768,000
2033-2037	4,600,000	1,175,250	5,775,250
2038-2040	3,195,000	259,200	3,454,200
	<u>12,010,000</u>	<u>6,159,200</u>	<u>18,169,200</u>
Add Unamortized Premium	1,371,253	-	1,371,253
Total	<u>\$ 13,381,253</u>	<u>\$ 6,159,200</u>	<u>\$ 19,540,453</u>

\$5,620,000 Water Revenue Refunding Bonds, Series 2017A-T

Due in annual installments ranging from \$65,000 to \$1,115,000 starting April 1, 2018 to April 1, 2027, interest at 1.68% - 3.27%, with repayments made from net revenues of the Water Supply and Distribution Enterprise Fund.

The debt service requirements for the bonds at June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 560,000	\$ 73,560	\$ 633,560
2024	575,000	57,151	632,151
2025	595,000	39,729	634,729
2026	610,000	21,463	631,463
2027	65,000	2,126	67,126
	<u>\$ 2,405,000</u>	<u>\$ 194,029</u>	<u>\$ 2,599,029</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 12 – NONCURRENT LIABILITIES, Continued

\$14,035,000 Wastewater Revenue Bonds, Series 2017A

Due in annual installments ranging from \$660,000 - \$1,435,000 from April 1, 2026 to April 1, 2040, interest at 4% - 5%, with repayments made from net revenues of the Wastewater Management Enterprise Fund.

The debt service requirements for the bonds at June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ 632,000	\$ 632,000
2024	-	632,000	632,000
2025	-	632,000	632,000
2026	1,135,000	632,000	1,767,000
2027	1,435,000	575,250	2,010,250
2028-2032	3,650,000	2,170,500	5,820,500
2033-2037	4,590,000	1,219,600	5,809,600
2038-2040	3,225,000	261,200	3,486,200
	<u>14,035,000</u>	<u>6,754,550</u>	<u>20,789,550</u>
Add Unamortized Premium	1,835,003	-	1,835,003
Total	<u>\$ 15,870,003</u>	<u>\$ 6,754,550</u>	<u>\$ 22,624,553</u>

\$10,585,000 Wastewater Revenue Bonds, Series 2017A-T

Due in annual installments \$235,000 to \$1,810,000 from April 1, 2018 to April 1, 2026, interest at 1.71% - 3.20%, with repayments made from net revenues of the Wastewater Management Enterprise Fund.

The debt service requirements for the bonds at June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 1,250,000	\$ 124,916	\$ 1,374,916
2024	1,285,000	87,916	1,372,916
2025	1,325,000	48,595	1,373,595
2026	235,000	7,520	242,520
	<u>\$ 4,095,000</u>	<u>\$ 268,947</u>	<u>\$ 4,363,947</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 12 – NONCURRENT LIABILITIES, Continued

Events of Default and Acceleration Clauses

For the City’s certificates of participation and revenue bonds, the City is considered to be in default if the City fails to pay the principal of and interest on the outstanding long-term debt when become due and payable. If an event of default has occurred and is continuing, the principal of the long-term debt, together with the accrued interest, may be declared due and payable immediately.

Direct Borrowings and Placements of Debt

\$127,068,522 Clean Water State Revolving Fund Loan Agreement Dated December 9, 2016

On October 4, 2016, the Council adopted Resolution No. 783-16 dedicating and pledging the City’s Wastewater Management Fund as the specific revenue source for the repayment of a State loan as explained below. See Note 13 for details about related pledged revenues and Note 15 for commitments related to this loan.

In April 2017, the City executed a loan agreement with the California State Water Resources Control Board (SWRCB) to secure \$127,068,522 in funding from the Clean Water State Revolving Fund (CWSRF) for the Water Pollution Control Plant Rehabilitation - Headworks and Primary Treatment Facilities Phase 1(A) Project. The first \$4 million requested was applied towards the contingent capitalization grant principal forgiveness funds and the amount was immediately forgiven. The term of this agreement is from December 9, 2016 to December 31, 2052. As of June 30, 2022, the City has drawn down \$112,011,423. At June 30, 2022, the City has an outstanding unused line of credit in the net amount of \$11,057,099. The loan includes an interest rate of \$1.7%, calculated from the date that loans are disbursed. Loans are amortized over a period of 30 years. The final payment schedule will be forwarded to the City after all loan disbursements have been made and construction of the project has been completed.

The debt service requirements for the loan at June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ -	\$ -
2024	2,893,172	1,904,194	4,797,366
2025	2,942,356	1,855,010	4,797,366
2026	2,992,376	1,804,990	4,797,366
2027	3,043,247	1,754,120	4,797,367
2028-2032	16,010,079	7,976,756	23,986,835
2033-2037	17,417,997	6,568,837	23,986,834
2038-2042	18,949,728	5,037,105	23,986,833
2043-2047	20,616,159	3,370,674	23,986,833
2048-2052	22,429,133	1,557,698	23,986,831
2053	4,717,176	80,192	4,797,368
Total	<u>\$ 112,011,423</u>	<u>\$ 31,909,576</u>	<u>\$ 143,920,999</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 12 – NONCURRENT LIABILITIES, Continued

Direct Borrowings and Placements of Debt

\$220,638,995 WIFIA Loan Agreement Dated October 29, 2020

The City executed a Water Infrastructure Finance Innovation Act (WIFIA) loan agreement with the U.S. Environmental Protection Agency (EPA) up to the amount of \$220,638,995. The WIFIA loan will fund the rehabilitation of the City of Sunnyvale Water Pollution Control Plant existing facilities, construction of new secondary treatment facilities, and reconstruction of support facilities that are necessary to operate the plant. The WIFIA loan allowed the City either to draw down funds of construction or, if economically feasible, issue lower cost bond anticipation notes. The loan has an annual interest rate of 1.56% and a term of 35 years after the completion of the construction period. The interest amount will be capitalized during the construction period. The WIFIA loan payments will be made in semi-annual installments, commencing on October 1, 2054 with final maturity on October 1, 2059. At June 30, 2022, the outstanding loan balance is \$2,185,683.

The debt service requirements for the loan at June 30, 2022 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ -	\$ -	\$ -
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028-2032	-	102,291	102,291
2033-2037	-	170,485	170,485
2038-2042	-	170,485	170,485
2043-2047	-	170,485	170,485
2048-2052	-	170,485	170,485
2053-2057	1,250,157	141,533	1,391,689
2058-2060	935,526	22,004	957,530
Total	<u>\$ 2,185,683</u>	<u>\$ 947,768</u>	<u>\$ 3,133,450</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 12 – NONCURRENT LIABILITIES, Continued

Annual Debt Service Requirements to Maturity-All Bonded Debt and Note Payable

The annual requirements to amortize long-term bonded debt outstanding as of June 30, 2022 by activity are listed below:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 1,250,000	\$ 5,086,675	\$ 1,810,000	\$ 1,351,825
2024	2,455,000	5,055,425	4,753,172	3,202,611
2025	2,580,000	4,932,675	4,862,356	3,096,684
2026	2,680,000	4,829,475	4,972,376	2,987,323
2027	2,790,000	4,722,275	5,108,247	2,852,846
2028-2032	15,710,000	21,846,175	23,310,079	12,367,547
2033-2037	19,115,000	18,442,175	26,607,997	9,134,172
2038-2042	23,260,000	14,300,575	25,369,728	5,727,990
2043-2047	28,295,000	9,261,175	20,616,159	3,541,159
2048-2052	34,315,000	3,238,625	22,429,133	1,728,183
2053-2057	-	-	5,967,333	221,725
2058-2060	-	-	935,526	22,004
Subtotal	132,450,000	91,715,250	146,742,106	46,234,069
Add Unamortized Premium	18,595,495	-	3,206,256	-
Total	\$ 151,045,495	\$ 91,715,250	\$ 149,948,362	\$ 46,234,069

Risk Management

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 \$40,000,000 in excess general liability coverage, subject to \$1,000,000 self-insured retention (SIR) for each occurrence, through the California Joint Powers Risk Management Authority (CJPRMA), a risk-sharing pool. CJPRMA 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 composed 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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 12 – NONCURRENT LIABILITIES, Continued

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. Most recent financial statements for CJPRMA may be obtained from the CJPRMA website.

The City's excess workers' compensation coverage is provided through the Public Risk Innovation, Solutions and Management (PRISM), formally known as California State Association of Counties Excess Insurance Authority, with statutory limits subject to a \$500,000 self-insured retention. The excess workers' compensation coverage is structured by the limits of indemnity as described below:

- \$4,500,000 excess of \$500,000: Coverage provided by PRISM and reinsured by Wesco Insurance Company.
- \$45,000,000 excess of \$5,000,000: Coverage provided by PRISM and reinsured by ACE American Insurance Company.
- Statutory excess of \$50,000,000: Coverage provided by Liberty Insurance Corporation

The PRISM is a member-directed joint powers insurance authority, operating since 1979. PRISM has been providing California's counties, and more recently other public entities, including cities, schools and special districts, with stable cost-effective insurance alternatives and quality risk management services. The City is currently a member of the PRISM Excess Workers Compensation Insurance Program. The PRISM is governed by a board of directors composed of officials appointed by member agencies. Each participating member is required to share all costs of that program, including development charges, premiums, premium surcharge, and administrative costs. Losses and expenses are paid from these pools up to the limit of coverage subject to the self-insured retention. Financial statements for the PRISM may be obtained from the PRISM's website.

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. Unemployment claims paid by the State are reimbursed dollar-for-dollar by the City.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 12 – NONCURRENT LIABILITIES, Continued

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

	<u>2022</u>	<u>2021</u>
General:		
Liability at beginning of fiscal year	\$ 3,367,000	\$ 2,869,000
Claims paid	(818,656)	(451,093)
Current fiscal year claims and changes in estimated liability	<u>809,656</u>	<u>949,093</u>
Liability at end of fiscal year	<u>\$ 3,358,000</u>	<u>\$ 3,367,000</u>
Workers' Compensation:		
Liability at beginning of fiscal year	\$ 18,866,000	\$ 19,684,000
Claims paid	(3,551,238)	(3,180,453)
Current fiscal year claims and changes in estimated liability	<u>4,195,238</u>	<u>2,362,453</u>
Liability at end of fiscal year	<u>\$ 19,510,000</u>	<u>\$ 18,866,000</u>
Total Estimated Claims Payable	<u>\$ 22,868,000</u>	<u>\$ 22,233,000</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 \$2.0% through 2031, and 2.5% for 2032 and beyond.

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.

Compensated Absences

Accrued paid time off, compensatory time, and other paid leave are recorded in the Employee Payroll & Benefits Internal Service Fund. Sick leave for employees does not vest. The total amount of the liability at June 30, 2022 was \$20,696,533. General Fund, Special Revenue Funds, and Capital Project Funds contribute to liquidate their portion of the compensated absence liability.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 12 – NONCURRENT LIABILITIES, Continued

Landfill Postclosure Care Costs

The Sunnyvale Landfill stopped accepting waste in 1993 and was certified as closed in 1994. State law requires the City to maintain a Financial Assurance Mechanism (FAM) that demonstrates the City's financial ability to maintain the closed landfill as described in the Postclosure Maintenance Plan. This plan was prepared in 1992 and approved by CalRecycle, the state agency that oversees recycling and waste management. A related Water Corrective Action Plan and associated cost estimate for its implementation was similarly submitted to, and approved by, the Regional Water Quality Control Board. The original guarantee requirement was for 30 years. The City's FAM is structured as a "pledge of revenue" that commits future solid waste rate revenues to guarantee the City's financial ability to manage the landfill in compliance with air and water quality laws and regulations.

Recent changes in State law required the City to review and update the Sunnyvale Landfill's Postclosure Maintenance Plan and the cost of implementing the plan. The updated plan resulted in lower estimates of annual postclosure environmental compliance costs when compared to the CPI-adjusted 1992 estimates. The plans and cost estimates have been reviewed and approved by the necessary regulatory agencies (CalRecycle, the Regional Water Quality Control Board and the County of Santa Clara Department of Environmental Health, which acts as the Local Enforcement Agency for CalRecycle).

Because the landfill has been closed for 20 years, CalRecycle approved the City's request to decrease the number of years for which funds must be guaranteed. The approved amount is for 15 years, the shortest period allowed by law.

At June 30, 2022, liability in the amount of \$6,908,719 was reported based on the estimated remaining postclosure care costs that will be incurred over the next 15 years to meet the regulatory requirements. 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, 2022. However, the actual cost of postclosure care and corrective action may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

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, 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 principal balance of outstanding bonds was \$12,615,000 at June 30, 2022.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 13 – PLEDGED REVENUES

In addition to pledging revenues for the landfill postclosure care costs (Note 12), the following disclosures pertain to future revenues that have been pledged and will be unavailable for other purposes.

Description	2017A Water Revenue Bonds	2017A-T Water Revenue Bonds	2017A Wastewater Revenue Bonds	2017A-T Wastewater Revenue Bonds	2017 State Revolving Fund Loan	2020 WIFIA Loan
Net revenue ¹ pledged	Net revenues of the City's Water System	Net revenues of the City's Water System	Net revenues of the City's Wastewater System	Net revenues of the City's Wastewater System	Net revenues of the City's Wastewater System	Net revenues of the City's Wastewater System
Term of commitment	Until 4/1/2040	Until 4/1/2027	Until 4/1/2040	Until 4/1/2026	Until 12/31/2052	Until 10/1/2059
Purpose of the debt secured by the pledge	To advance refund the 2010 Water Revenue Bonds.	To advance refund the 2010 Water Revenue Bonds.	To advance refund the 2010 Wastewater Revenue Bonds.	To advance refund the 2010 Wastewater Revenue Bonds.	Water Pollution Control Plant Rehabilitation - Headworks and Primary Treatment Facilities Phase 1(A) Project	Water Pollution Control Plant Rehabilitation - Sunnyvale Cleanwater Program Phase 2
Amount of the pledge (remaining debt service principal and interest) ^{3,4}	\$18,169,200	\$2,599,028	\$20,789,550	\$4,363,947	\$123,068,522	\$220,638,995
Pledged revenues recognized during the period (net of operating expenses and operating transfers, also excluding depreciation and interest expense)						
	\$17,840,623		\$39,691,981		\$0	\$0
Debt service-principal and interest-paid during the period ²	\$521,350	\$633,493	\$632,000	\$1,368,433	\$0	\$0

¹ Net Revenues are defined as "Gross Revenues" received from the respective systems minus the amount to pay all "Operation and Maintenance Costs" of the systems.

² Net revenues pledged by the Cities Utilities Systems are projected to be sufficient to cover the debt service requirements throughout the terms of the respective commitments; which is demonstrated by the City's periodic update of the 20-year long-term financial plan during the annual budget preparation process.

Debt service during the period presented in this table does not include refunded debt issues in escrow.

³ For the 2017 State Revolving Fund Loan, see Note 15 for details. Amount represents approved loan amount. The City drew \$112,011,423 as of June 30, 2022.

⁴ For the 2020 WIFIA Loan, see Note 15 for details. Amount represents approved loan amount. The City drew \$2,185,683 as of June 30, 2022.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 14 – LEASES

The City entered into various lease agreements as either a lessor or lessee for land, equipment, and other asset classes. As a lessor, the City is required to recognize a lease receivable and a deferred inflow of resources. As a lessee, the City is required to recognize a lease liability and an intangible right-to-use lease asset. The City defines leases as balances with an initial value of more than \$100,000. Lease assets are amortized on straight-line method.

City as Lessor

As a lessor, the City entered into lease agreements with lease terms ranging from 3 to 90 years. Most leases include periodic adjustments to the lease amount at determined intervals. For the year ended June 30, 2022, the City received an immaterial amount of variable and other payments from the lease arrangements.

Information about lease revenues and interest revenues recognized during the year ended June 30, 2022, as well as lease receivable and lease related deferred inflows of resources as of June 30, 2022 are as follows:

	General Fund	City Projects	Governmental Activities
Lease revenue for the year	\$ 393,245	\$ 218,173	\$ 611,418
Lease interest revenue for the year	40,123	8,193	48,316
Lease receivable at year end	2,946,758	1,125,115	4,071,873
Deferred inflow of resources at year end	9,578,308	1,122,035	10,700,343
	Solid Waste Management	Golf and Tennis Operations	Business-Type Activities
Lease revenue for the year	\$ 193,052	\$ 188,937	\$ 381,989
Lease interest revenue for the year	71,282	17,427	88,709
Lease receivable at year end	4,549,816	2,132,440	6,682,256
Deferred inflow of resources at year end	4,520,633	2,091,603	6,612,236

The annual lease receipt schedule for the lease receivables is as follows:

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 620,531	\$ 54,097	\$ 674,628	\$ 322,944	\$ 106,429	\$ 429,373
2024	638,770	46,505	685,275	373,818	101,298	475,116
2025	657,628	38,688	696,316	462,464	95,022	557,486
2026	248,703	33,065	281,768	480,046	88,100	568,146
2027	166,092	30,384	196,476	420,016	81,025	501,041
2028-2032	727,188	115,963	843,151	1,273,827	338,565	1,612,392
2033-2037	916,547	49,006	965,553	1,314,378	226,475	1,540,853
2038-2042	96,414	2,765	99,179	1,254,487	116,932	1,371,419
2043-2047	-	-	-	780,276	23,154	803,430
Total	\$ 4,071,873	\$ 370,473	\$ 4,442,346	\$ 6,682,256	\$ 1,177,000	\$ 7,859,256

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 14 – LEASES (Continued)

City as Lessee

As a lessee, during the year ended June 30, 2022, the City entered into a lease agreement with a lease term of 5 years for 80 electric golf carts. The City also entered into a lease agreement with a lease term of 7 years and 10 months for 35.4 acres of land (Sunnyvale Golf Course located at Moffett Field). The leased assets are amortized on a straight-line basis. At June 30, 2022, the leased assets balance was \$829,931.

At June 30, 2022, the lease liabilities balance was \$828,493. The annual debt service requirement for lease liabilities is as follows:

Fiscal Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2023	\$ 129,417	\$ 23,589	\$ 153,006
2024	134,320	19,356	153,676
2025	139,401	14,953	154,354
2026	144,666	10,373	155,039
2027	142,962	5,609	148,571
2028-2039	137,727	4,028	141,755
Total	<u>\$ 828,493</u>	<u>\$ 77,908</u>	<u>\$ 906,401</u>

Significant Lease Arrangements

On December 1, 2015, the City, as a lessor, entered into a 30 year lease with Stevens Creek Quarry, Inc. to operate a concrete and asphalt recycling facility at a portion of the Sunnyvale Landfill. The lease provides for annual rent adjustments to reflect changes in the San Francisco/Oakland/San Jose Metropolitan Area Consumer Price Index. As of June 30, 2022 the lease receivable for the Stevens Creek Quarry lease was \$4,549,816.

On June 26, 2013, the City, as a lessor, entered into a 90 year ground lease contract with Midpen Housing Corporation and Charities Housing Development (Tenants) for the Armory site. The site was used to develop and operate an affordable housing complex. The City currently monitors the Tenant’s operations to ensure compliance with the City’s affordable housing program requirements, which is to continue throughout the term of the ground lease. At the inception of the lease, the City received a lump sum lease payment in the amount of \$7.4 million for the entire term of the lease from the Tenants. The lease payment received in advance is amortized over the life of the lease. The City recognized \$82,222 annually. As of June 30, 2022, the lease receivable and deferred inflow of resources for the Armory site was \$0 and \$6,701,113, respectively.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 15 – COMMITMENTS

Participation in the BAWSCA Capital Cost Recovery Prepayment Program

The City and County of San Francisco and wholesale water customers of San Francisco, including the City of Sunnyvale, entered into a 25-year Water Supply Agreement (“WSA”), dated July 2009, providing for the sale of water by San Francisco to the wholesale customers. The City and other wholesale customers are members of the Bay Area Water Supply and Conservation Agency (“BAWSCA”).

The cost of water paid by the wholesale customers includes a component designed to provide San Francisco capital cost recovery for existing regional assets (“ERA Payments”). The WSA provides that the wholesale customers, acting through BAWSCA, may prepay the remaining principal balance of the ERA payments.

On November 20, 2012, the City Council adopted a resolution authorizing the BAWSCA to prepay the City’s portion of the ERA payments. In 2013 BAWSCA issued revenue bonds, under a favorable interest rate environment, to finance the outstanding prepayment obligations of the participants. To pay debt service on the Bonds and to satisfy its other obligations related to the Bonds, BAWSCA imposes charges on prepayment participants in the form of surcharges on water sold by San Francisco to prepayment participants under the WSA. In fiscal year 2021/22, the City paid surcharges (proportional to the amount of water purchased) in the amount of \$1,714,320.

The City has certified that the payment of the surcharge constitutes an operation and maintenance expense of the City’s water enterprise payable from the revenues of the City’s water enterprise prior to the payment of obligations payable from the net revenues of the City’s water enterprise.

The City is committed to pay the BAWSCA bond surcharge through the term of the BAWSCA Revenue Bonds for Sunnyvale’s share under the Capital Cost Recovery Prepayment Program.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 15 – COMMITMENTS, Continued

Outstanding Construction Commitments

At June 30, 2022, the City had outstanding construction commitments for the following projects:

Governmental Activities:

Description	Contract	Unpaid
Civic Center Modernization Phase I	\$ 174,116,999	\$ 36,723,000
Fair Oaks Avenue Overhead Bridge Rehabilitation	18,386,003	4,457,163
Slurry Seal 2021B	1,216,927	921,038
Pedestrian Improvements on Various Locations	583,720	583,720
	<u>\$ 194,303,649</u>	<u>\$ 42,684,921</u>

Business-Type Activities:

Description	Contract	Unpaid
SCWP - 2.2.1 Site Preparation Package	\$ 27,475,000	\$ 24,650,210
City H2O Line Replacement 2021	6,091,315	3,909,168
Sanitary Sewer Main Replacement 2021	2,708,321	2,708,321
	<u>\$ 36,274,636</u>	<u>\$ 31,267,699</u>

Loan Agreement with State Water Resources Control Board

Refer to the Note 12 in the portion regarding direct borrowings and placements of debt.

In April 2017, the City executed a loan agreement with SWRCB to secure \$127,068,522 in funding from the CWSRF for the Water Pollution Control Plant Rehabilitation – Headworks and Primary Treatment Facilities Phase 1(A) Project. California’s Clean Water State Revolving Fund (SRF) is capitalized through a variety of funding sources, including grants from the EPA, State matching funds, revenue bond proceeds, loan repayments and fund earnings. The City draws down the SRF loan on a cost reimbursement basis. The first \$4 million requested was applied towards the contingent capitalization grant principal forgiveness funds and the amount was immediately forgiven.

The City has committed to meet three financial special conditions as follows:

- The City will establish and maintain rates and charges sufficient to generate revenues in the amount necessary to cover operations and maintenance costs and ensure that net revenues are equal to at least 1.20 times the maximum annual debt service during the term of the Agreement.
- This Agreement is on parity to the Wastewater Revenue Bonds, Series 2010 (refunded by the Wastewater Revenue Bonds, Series 2017A and Series 2017 A-T in December 2017). Issuance of additional parity debt requires the net revenues in the most recent fiscal year to be a minimum of 1.20 times the maximum annual debt service for existing and proposed additional debt.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 15 – COMMITMENTS, Continued

- The City agrees to maintain a reserve fund equal to one year's debt service, based on a projected annual amount of \$5,270,934, prior to the completion of construction and during the full term of this Agreement.

WIFIA Loan Agreement with the US Environmental Protection Agency

Refer to the Note 12 in the portion concerning direct borrowings and placements of debt.

The City entered into a Water Infrastructure Finance Innovation Act (WIFIA) loan agreement with the EPA up to the amount of \$220,638,995. The WIFIA loan will fund 49% of the Sunnyvale Clean Water Program Phase II, which consists of the rehabilitation of the City of Sunnyvale Water Pollution Control Plant existing facilities, construction of new secondary treatment facilities, and reconstruction of support facilities that are necessary to operate the Plant. The WIFIA loan will allow the City either to draw down funds of construction or, if economically feasible, issue lower cost bond anticipation notes.

Major provisions of the loan agreement are as follows:

Security: Requires that the City to pledge the Net Revenue of the Wastewater Management System, which equals to Gross Revenues minus the amount requires to pay all operational and maintenance expenses first, any parity debt obligations second, any prepayment of parity debt third, and lastly any subordinate debt payments.

Rate Covenants: Requires that the City adopt a rate covenant designed to assure that Wastewater rates will be set appropriately to cover all operation and maintenance costs, and all payments for Parity Debt. Net Revenues must cover annual debt service by at least 1.20 times. Additionally, the City is to set rates beginning in fiscal year 2049-50 that are sufficient to pay the average debt service coming due over the subsequent five years.

Prepayment Provision: Allows that the City has the option to prepay the WIFIA loan at any time during its term without penalty. Additionally, the City will be required to prepay the WIFIA loan from certain excess reserves after fiscal year 2034-35. The amount of prepayment is not set and will depend on the wastewater enterprise's cash flow following the payment of capital expenditures.

Additional Bonds Test and Imputed Debt Service: Allows the City to issue additional bond on parity with the WIFIA loan under certain restrictions.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 16 – PENSION PLANS

A. General Information about the Pension Plans

Plan Description – All qualified permanent and probationary employees are eligible to participate in the City’s separate Safety (police and fire) and Miscellaneous (all other) Plans, which are agent multiple-employer defined benefit pension plans administered by CalPERS. CalPERS acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plans are established by State statute and City resolution. PERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The City contracted for 2% cost of living adjustments. The pre-retirement death benefits are the Basic Death Benefit or the 1957 Survivor Benefit.

Retirement Benefit Formulas

	Formula Name	Minimum Retirement Age	Normal Retirement Age	Maximum Benefit Age	Final Compensation	Contract Effective Date
Miscellaneous Tier 1	2.7% @ 55	50	55	55	1 year	New classic hire before 12/23/2012
Miscellaneous Tier 2	2% @ 60	50	55	63	1 year	New classic hire from 12/23/2012
Reformed Miscellaneous	2% @ 62	52	62	67	3 years	New PERS member from 1/1/2013
Safety Tier 1	3% @ 50	50	50	50	1 year	Classic sworn before 2/19/2012
Safety Tier 2	3% @ 55	50	50	55	1 year	Classic sworn from 2/19/2012
Reformed Safety	2.7% @ 57	50	57	57	3 years	New PERS member from 1/1/2013

For the year ended June 30, 2022, the required employer contribution rates for miscellaneous and safety plans were 35.03% and 62.97%, respectively.

Employees Covered - At June 30, 2021, the most recent information available, the following employees were covered by the benefit terms:

	Miscellaneous	Safety	Total
Inactive employees or beneficiaries currently receiving benefits	1,163	423	1,586
Inactive employees entitled to but not yet receiving benefits	917	63	980
Active employees	670	203	873
	<u>2,750</u>	<u>689</u>	<u>3,439</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 16 – PENSION PLANS, Continued

Contributions/Funding Policy

Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The City is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Miscellaneous employees are required to contribute a portion of annual covered salary as follows: 8% for the first tier, 7% for the second tier, and 6.25% for the third or reformed tier. Safety employees in the first tier and the second tier are required to contribute 9% of their annual covered salary. Third- or reformed-tier safety employees are required to contribute 11% of annual covered salary. In the fiscal year ended June 30, 2021 (the measurement date of the net pension liability reported for fiscal year ended June 30, 2022), the City made EPMC (employer paid member contributions) of 4% for miscellaneous employees in the first and second tiers and 6% for safety employees in the first and second tiers. The City also picked up the additional 2.25% cost of funding the “single highest year” retirement benefit cost on behalf of the first- and second-tier safety employees.

In July 2018, the City established a Section 115 irrevocable trust (Trust) to set aside funds to address pension funding needs in the long term. The Trust is owned and monitored by the City but externally managed by investment professionals. The Trust allows the City to have full control and flexibility on use of trust assets as a budget stabilization tool to fund pension contributions in the future years. The Trust also has an increased flexibility in investment allocations compared to City’s portfolio which is restricted by State regulations and the City Investment Policy. The Trust is not associated with CalPERS in any way. As of June 30, 2022, the City reported the account balance of \$10,207,377 as deposits and investments held by fiscal agent and trustee in the Employee Payroll & Benefits Internal Service Fund.

B. Net Pension Liability

The City’s net pension liability for each Plan is measured as the total pension liability less the Plan’s fiduciary net position. GASB Statement No. 68 requires that the reported results must pertain to liability and asset information within certain defined timeframes. For this report, the following timeframes are used: valuation date of June 30, 2020; measurement date of June 30, 2021, and measurement period of July 1, 2020 to June 30, 2021.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 16 – PENSION PLANS, Continued

At June 30, 2022, the government-wide financial statements reported net pension liability as follows:

	Governmental Activities	Business-Type Activities
Miscellaneous Plan	\$ 83,266,053	\$ 36,774,800
Safety Plan	136,778,717	-
Total Net Pension Liability	<u>\$ 220,044,770</u>	<u>\$ 36,774,800</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2020 valuation was rolled forward to determine the June 30, 2021 total pension liability using standard update procedures based on the following actuarial methods and assumptions:

	Miscellaneous and Safety
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' membership data for all funds.
Post Retirement Benefit Increase	The lesser of Contract COLA or 2.5% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.50% thereafter

¹ The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2017 CalPERS Experience Study for the period from 1997 to 2015. Pre-retirement and post-retirement mortality rates includes 15 years of projected mortality improvements using 90 percent of Scale MP-2016 published by the Society of Actuaries. For more details on this table, please refer to the 2017 CalPERS Experience Study available on the CalPERS website.

All other actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the 2017 CalPERS Experience Study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the 2017 CalPERS Experience Study can be found on the CalPERS website under Forms and Publications.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for each Plan. The projection of cash flows used to determine the discount rate assumed that the contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 16 – PENSION PLANS, Continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds’ asset classes, expected compound geometric returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated and adjusted to account for assumed administrative expenses.

The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The long-term expected real rate of return by asset class and the target allocation adopted by the CalPERS Board effective on July 1, 2020, are as follows:

Asset Class	Current Target Allocation	Real Return Years 1 - 10¹	Real Return Years 11+²
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Sensitive	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

¹ An expected inflation of 2.0% used for this period.

² An expected inflation of 2.92% used for this period.

On November 17, 2021, the CalPERS Board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expenses assumption support a discount rate of 6.90% (net of investment expenses but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions will be reflected in the accounting valuation reports for the June 30, 2022 measurement date.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 16 – PENSION PLANS, Continued

C. Changes in the Net Pension Liability

Pension Results, Provided by the Miscellaneous Plan
For the Measurement Date of June 30, 2021

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at June 30, 2020	\$ 662,378,424	\$ 468,064,347	\$ 194,314,077
Changes Recognized for the Measurement Period:			
Service Cost	11,996,478	-	11,996,478
Interest on the Total Pension Liability	46,636,226	-	46,636,226
Differences between Expected and Actual Experience	744,292	-	744,292
Contributions - Employer	-	23,049,190	(23,049,190)
Contributions - Employee	-	5,474,501	(5,474,501)
Net Investment Income	-	105,593,674	(105,593,674)
Benefit Payments, including Refunds of Employee Contributions	(33,732,095)	(33,732,095)	-
Plan to Plan Resource Movement	-	423	(423)
Administrative Expenses	-	(467,568)	467,568
Net Changes	25,644,901	99,918,125	(74,273,224)
Balances at June 30, 2021	\$ 688,023,325	\$ 567,982,472	\$ 120,040,853

Pension Results, Provided by the Safety Plan
For the Measurement Date of June 30, 2021

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at June 30, 2020	\$ 622,497,478	\$ 419,731,467	\$ 202,766,011
Changes Recognized for the Measurement Period:			
Service Cost	11,148,722	-	11,148,722
Interest on the Total Pension Liability	43,612,006	-	43,612,006
Differences between Expected and Actual Experience	(1,483,768)	-	(1,483,768)
Contributions - Employer	-	20,974,642	(20,974,642)
Contributions - Employee	-	4,201,192	(4,201,192)
Net Investment Income	-	94,508,129	(94,508,129)
Benefit Payments, including Refunds of Employee Contributions	(33,259,910)	(33,259,910)	-
Plan to Plan Resource Movement	-	(423)	423
Administrative Expenses	-	(419,286)	419,286
Net Changes	20,017,050	86,004,344	(65,987,294)
Balances at June 30, 2021	\$ 642,514,528	\$ 505,735,811	\$ 136,778,717
Total balance at June 30, 2021 including Miscellaneous and Safety Plans	\$ 1,330,537,853	\$ 1,073,718,283	\$ 256,819,570

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 16 – PENSION PLANS, Continued

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plans as of the measurement date, calculated using the discount rate of 7.15%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.15%) or 1-percentage-point higher (8.15%) than the current rate:

Net Pension Liability	Discount Rate -1% (6.15%)	Current Discount Rate (7.15%)	Discount Rate +1% (8.15%)
Miscellaneous Plan	\$ 208,126,013	\$ 120,040,853	\$ 47,070,281
Safety Plan	221,110,788	136,778,717	67,308,488

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued CalPERS financial report.

D. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB Statement No. 68, gains and losses related to changes in total pension liability and fiduciary net position are recognized in pension expense systematically over time.

The first amortized amounts are recognized in pension expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to pensions and are to be recognized in future pension expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 16 – PENSION PLANS, Continued

For the measurement period ended June 30, 2021, the City recognized total pension expense of \$13,422,965, including \$5,991,159 for Miscellaneous Plan and \$7,431,806 for Safety Plan.

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Miscellaneous Plan:		
Employer Contributions Subsequent to Measurement Date	\$ 24,279,280	\$ -
Changes of Assumptions	-	-
Differences between Expected and Actual Experiences	446,575	(204,614)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(52,420,354)
Total Miscellaneous Plan	<u>\$ 24,725,855</u>	<u>\$ (52,624,968)</u>
Safety Plan:		
Employer Contributions Subsequent to Measurement Date	\$ 22,853,810	\$ -
Changes of Assumptions	-	-
Differences between Expected and Actual Experiences	385,222	(1,034,141)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(46,913,069)
Total Safety Plan	<u>\$ 23,239,032</u>	<u>\$ (47,947,210)</u>
All Plans	<u>\$ 47,964,887</u>	<u>\$ (100,572,178)</u>

The total amount of \$47,133,090 (\$24,279,280 for Miscellaneous Plan and \$22,853,810 for Safety Plan), reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of net pension liability for the year ending June 30, 2023.

Other deferred outflows and deferred inflows of resources related to pensions will be recognized in future pension expense as follows:

Fiscal Year		
Ended June 30,	Miscellaneous Plan	Safty Plan
2023	\$ (13,148,217)	\$ (11,915,937)
2024	(11,970,496)	(11,277,409)
2025	(12,580,659)	(11,399,225)
2026	(14,479,021)	(12,969,417)
	<u>\$ (52,178,393)</u>	<u>\$ (47,561,988)</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

The City of Sunnyvale Retiree Healthcare Plan (the “Plan”) is a single-employer defined benefit retiree healthcare plan administered by the City of Sunnyvale through a Trust that meets the criteria in Paragraph 3 of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The Trust is included as an OPEB Trust Fund in the financial reporting entity of the City.

The measurement date of the net OPEB liability presented in the City’s current year financial statements was as of June 30, 2021. The Plan’s stand-alone financial report for the fiscal year ended June 30, 2021 is available on the City’s Website.

Benefits Provided

The Plan provides healthcare benefits to eligible retirees and their dependents through the California Public Employees’ Retirement System healthcare program (PEMHCA). PEMHCA requires that medical insurance contributions for retired annuitants paid for by a contracting agency be equal to the medical contributions paid for its active employees. Benefit provisions are established and may be amended through agreements and memorandums of understanding between the City, its non-represented employees, and the unions representing City employees.

For the fiscal year ended June 30, 2021 (the measurement period of the net OPEB liability), the City provided a retiree healthcare stipend equal to the lesser of the medical premium or a dollar limit that varies by employee group (\$558 for SEIU, \$467 for PSOA, \$473 for COA, and \$1,005 for SEA/Confidential/Management per month at June 30, 2022). The City pays 100% of the medical premium for management employees who retired on or before December 31, 2007 and 100% of the medical premium up to a dollar cap for management employees who retire after December 31, 2007. Management employees appointed on or after July 1, 2007 are subject to a vesting schedule ranging from 50% after 5 years of management service to 100% after 15 years of management service.

The Plan also provides potential retiree medical benefits to all Councilmembers. Councilmembers only receive the benefit if they retire from CalPERS within 120 days of when they leave office with the City. Benefits are subject to change and do not constitute a contract. For the fiscal year ended June 30, 2022, the monthly City contribution of \$140 represents the PEMHCA required minimum employer contribution amount.

Employees Covered - At June 30, 2021, the most recent information available, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	853
Inactive employees entitled to but not yet receiving benefits	100
Active employees	888
	<u>1,841</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

Contributions/Funding Policy

Since 2007, the City has set aside funds in the Employee Payroll & Benefits Internal Service Fund for future OPEB obligations. On July 20, 2010, City Council approved the City entering into an Investment Advisory Agreement with PFM Asset Management, LLC (PFM) to establish and administer the City’s retiree medical trust, a tax-qualified irrevocable trust organized under Internal Revenue Code Section 115 to pre-fund retiree healthcare benefits. On December 7, 2010, the Council approved a Trust Agreement among the City (Employer), PFM (Trust Administrator), and U.S. Bank National Association (as the Trustee of Trust assets).

For the measurement period ended June 30, 2021, aside from the implied subsidy of \$1,735,360, the City pre-funded \$3,564,000 to the Trust while contributing \$6,341,352 outside of Trust on a pay-as-you-go basis for current benefit payments and PEMHCA administration expenses for a total contribution of \$11,640,712. These City contributions are separately identified line items in the City Employee Payroll & Benefits Internal Service Fund’s long-term financial plan, an integral part of the City’s annually adopted budget.

B. Net OPEB Liability

The City’s net OPEB liability is measured as the total OPEB liability less the Plan’s fiduciary net position. For this report, the following timeframes are used: valuation date of June 30, 2020; measurement date of June 30, 2021, and measurement period of July 1, 2020 to June 30, 2021.

At June 30, 2022, the government-wide financial statements reported net OPEB liability as follows:

	Amount
Governmental Activities	\$ 30,044,407
Business-Type Activities	6,442,367
Total Net OPEB Liability	<u>\$ 36,486,774</u>

Significant Assumptions and Other Inputs Used to determine Total OPEB Liability

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. No significant changes in benefits, the covered population or other factors affecting the valuation results have occurred after the June 30, 2020 actuarial valuation.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

The June 30, 2020 valuation was rolled forward to determine the June 30, 2021 total OPEB liability using standard update procedures based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2020
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Implied Subsidy	Implied subsidy included for non-Medicare eligible retirees (projected benefit payments are based on claim cost or age-adjusted premiums approximating claim costs)
Actuarial Assumptions:	
Discount Rate	6.0% - full actuarially determined contribution funding
Expected Long-Term Rate of Return	6.0%, net of plan investment expenses, including inflation
Inflation	2.75% annually
Payroll Growth	3.0% annually, including inflation
Cap increase on benefit payments	Varies depending on bargaining unit
Medical Trend	7.0% annually decreasing to 4.0% for retirees not eligible for Medicare. 6.1% annually decreasing to 4.0% for retirees eligible for Medicare (Non-Kaiser). 5.0% annually decreasing to 4.0% for retirees eligible for Medicare (Kaiser)
Mortality	Derived using CalPERS 1997-2015 Experience Study. Mortality Improvement Scale MP-2020

Discount Rate

The discount rate used to measure the total OPEB liability was 6.0%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The expected nominal long-term rate of return was derived from stochastic projections of expected long-term real rates of return net of investment expenses under various economic scenarios using expected geometric real rates of return and correlation for fund asset classes plus inflation.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	39.0%	4.29%
International Equity	21.0%	4.67%
Fixed Income	40.0%	0.78%
Total	100.0%	

C. Changes in the Net OPEB Liability

Results Provided by the OPEB Plan
For the Measurement Date of June 30, 2021

	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balances at June 30, 2020	\$ 177,380,022	\$ 115,545,428	\$ 61,834,594
Changes Recognized for the Measurement Period:			
Service Cost	6,258,309	-	6,258,309
Interest on the Total OPEB Liability	10,776,578	-	10,776,578
Actual vs Expected Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	11,640,712	(11,640,712)
Net Investment Income	-	30,761,293	(30,761,293)
Benefit Payments, including Refunds of Employee Contributions	(8,057,414)	(8,057,414)	-
Administrative Expenses	-	(19,298)	19,298
Net Changes	8,977,473	34,325,293	(25,347,820)
Balances at June 30, 2021	\$ 186,357,495	\$ 149,870,721	\$ 36,486,774

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.0%) or 1-percentage-point higher (7.0%) than the current discount rate:

	Discount Rate -1% (5.0%)	Current Discount Rate (6.0%)	Discount Rate +1% (7.0%)
Net OPEB Liability	\$ 62,958,966	\$ 36,486,774	\$ 14,913,568

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

Sensitivity of the Net OPEB Liability to Changes in the Medical Trend Rates

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current medial trend rates:

	<u>1% Decrease in Medical Trend Rates</u>	<u>Current Medical Trend Rates</u>	<u>1% Increase in Medical Trend Rates</u>
Net OPEB liability	\$ 18,469,900	\$ 36,486,774	\$ 59,535,632

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan’s fiduciary net position is available in the separately issued Sunnyvale Retiree Healthcare Plan Report for the year ended June 30, 2021 on the City’s website under Budget and Finance Documents.

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

Amortization of Deferred Outflows and Deferred Inflows of Resources

Under GASB Statement No. 75, gains and losses related to changes in total OPEB liability and fiduciary net position are recognized in OPEB expense systematically over time.

The first amortized amounts are recognized in OPEB expense for the year the gain or loss occurs. The remaining amounts are categorized as deferred outflows and deferred inflows of resources related to OPEB and are to be recognized in future OPEB expense.

The amortization period differs depending on the source of the gain or loss:

Net difference between projected and actual earnings on pension plan investments	5 year straight-line amortization
All other amounts	Straight-line amortization over the expected average remaining service lifetime (EARSL) of all members that are provided with benefits (active, inactive and retired) as of the beginning of the measurement period.

For the measurement period ended June 30, 2021, the City recognized total OPEB expense of \$1,545,307.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

At June 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer Contributions Subsequent to Measurement Date	\$ 11,628,583	\$ -
Change of Assumptions	5,481,502	-
Differences between Expected and Actual Experience	-	(12,251,634)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(19,306,478)
Total	\$ 17,110,085	\$ (31,558,112)

The amount of \$11,628,583, reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability for the year ending June 30, 2023.

The deferred inflows of resources related to OPEB will be recognized in future OPEB expense as follows:

Fiscal Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2023	\$ (7,913,030)
2024	(6,971,693)
2025	(5,784,598)
2026	(5,407,289)
Total	\$ (26,076,610)

NOTE 18 – INTERFUND TRANSFERS

Transfers are interfund transactions wherein the two funds involved do not necessarily receive equivalent cash, goods, or services. The City’s transfer activity is indicative of funding for (1) capital projects or equipment, (2) debt service payments, (3) subsidies of various operating activities, and (4) allocated share in Government Center debt service.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 18 – INTERFUND TRANSFERS, Continued

Below is a summary of interfund transfers:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>	<u>Funding Purpose</u>
General Fund	Nonmajor Governmental	\$ 27,261	(3)
	Water Supply & Distribution	45,284	(1)
	Wastewater Management	898,822	(3)
	Solid Waste Management	1,362,489	(3)
	Housing Special Revenue	11,245,000	(1)
	Development Enterprise	36,227	(1)
	Internal Service Fund	2,148,015	(1)
	Subtotal - General Fund	<u>15,763,098</u>	
Housing Special Revenue	Nonmajor Governmental	<u>1,000,000</u>	(3)
Infrastructure	General Fund	15,465,024	(1)
	City Projects	3,808,343	(1)
	Subtotal - Infrastructure	<u>19,273,367</u>	
Nonmajor Governmental	General Fund	5,055,425	(2)
	City Projects	192,403	(4)
	Subtotal - Nonmajor Governmental	<u>5,247,828</u>	
Internal Service	General Fund	965,623	(1)
	Water Supply and Distribution	878,579	(1)
	Wastewater Management	577,038	(1)
	Development Enterprise	2,291,755	(1)
	Park Dedication Special Revenue	2,365,733	(1)
	Nonmajor Governmental	341,634	(1)
	Subtotal - Internal Service	<u>7,420,362</u>	
Golf and Tennis Operations	General Fund	<u>1,535,000</u>	(3)
Total Interfund Transfers		<u>\$ 50,239,655</u>	

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 19 – CLASSIFICATION OF NET POSITION AND FUND BALANCES

Government-Wide Financial Statements and Proprietary Fund Financial Statements

Net position is classified in the following categories:

Net Investment in Capital Assets

This category represents the net carrying value of all capital assets, reduced by the outstanding balances of long-term debt that are attributable to the acquisition, construction or improvement of these assets.

Restricted

The restricted component of net position represents restricted assets reduced by liabilities related to those assets. For governmental activities, 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.

For the City’s business-type activities or enterprise funds, the restricted assets include bond proceeds used for constructing capital improvements and for establishing the debt service and loan reserves. Since the related bonds payable is greater than the bond proceeds held by the trustee under each fund or activity, there is no restricted net position to report for bond proceeds. Restricted net position is reported for loan reserve to the extent that it exceeds loan payable.

The City’s policy is to spend restricted resources first and use unrestricted resources when the restricted funds are depleted.

Unrestricted

This category is the “residual” component of net position. It consists of net position that does not meet the definition of either “restricted” or “net investment in capital assets.”

Governmental Fund Financial Statements

Spending Prioritization in Using Available Resources:

When both restricted resources and other resources (i.e., committed, assigned, and unassigned) can be used for the same purpose, the City budget considers restricted resources to be spent first.

When committed, assigned, and unassigned resources can be used for the same purpose, the flow assumption in the City budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

Because the City is required to present balanced long-term financial plans for all funds, use of reserves is a critical component. As such, Council has several fiscal policies regarding reserves and reserve levels.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 19 – CLASSIFICATION OF NET POSITION AND FUND BALANCES, Continued

The following schedule presents details of fund balance components at June 30, 2022:

	Major Funds						Nonmajor Governmental Funds	Total
	General Fund	Housing Special Revenue	Park Dedication Special Revenue	City Projects	Infrastructure Renovation & Replacement	Capital Project Civic Center		
Fund Balances:								
Nonspendable:								
Inventories and Prepaid Items	\$ 621,786	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 621,786
Long-term Receivables Net of Deferred Inflow of Resources	-	-	-	-	-	-	-	552,165
Assets Held for Resale	1,101,077	-	-	-	-	-	-	1,101,077
Permanent Fund Principal Columbia Neighborhood Center Endowment	-	-	-	-	-	-	1,626,715	1,626,715
634,803	-	-	-	-	-	-	-	634,803
Subtotal	2,909,831	-	-	-	-	-	1,626,715	4,536,546
Restricted for:								
Donations and Contributions from External Sources	1,949,440	-	-	-	-	-	-	1,949,440
Hazardous Materials Program Enforcement Actions	571,592	-	-	-	-	-	-	571,592
Housing Mitigation	-	132,560,470	-	-	-	-	-	132,560,470
Assets Held for Resale	-	280,000	-	-	-	-	-	280,000
Housing - CDBG and HOME Grants Low and Moderate Income Housing Assets	-	-	-	-	-	-	20,051,622	20,051,622
6,083,120	-	-	-	-	-	-	6,083,120	6,083,120
Park Dedication	-	-	82,786,676	-	-	-	-	82,786,676
Law Enforcement - Asset Forfeiture	-	-	-	-	-	-	56,852	56,852
Police Services Augmentation	-	-	-	-	-	-	313,410	313,410
Workforce Training and Development	-	-	-	-	-	-	22,527	22,527
Downtown Parking Maintenance	-	-	-	-	-	-	865,847	865,847
Public Street and Highways	-	-	-	-	-	-	18,557,648	18,557,648
Debt Service Reserve	1,241,250	-	-	-	-	-	-	1,241,250
Capital Projects Funded by External Resources	-	-	-	93,022,238	-	27,582,460	-	120,604,698
Subtotal	3,762,282	132,840,470	82,786,676	93,022,238	-	27,582,460	45,951,026	385,945,152
Committed to:								
Contingency Reserve	26,846,690	-	-	-	-	-	-	26,846,690
Capital Improvement Projects Current Capital and Special Projects Carryover	5,550,385	-	-	-	-	-	-	5,550,385
35,244,374	-	-	-	-	-	-	-	35,244,374
Subtotal	67,641,449	-	-	-	-	-	-	67,641,449
Assigned to:								
Infrastructure Renovation and Improvement Projects	-	-	-	-	76,800,418	-	-	76,800,418
Unassigned:	93,707,331	-	-	-	-	-	(676,345)	93,030,986
Total	\$ 168,020,893	\$ 132,840,470	\$ 82,786,676	\$ 93,022,238	\$ 76,800,418	\$ 27,582,460	\$ 46,901,396	\$ 627,954,551

In the fund financial statements, the components of fund balances reflect policies and procedures established by actions of the City Council and its designated officials.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 19 – CLASSIFICATION OF NET POSITION AND FUND BALANCES, Continued

General Fund Balance Requirements Caused by Council Actions or Management’s Intended Use:

The General Fund Contingency Reserve was established by the City Council at 15% of General Fund operating budget to provide funding for any significant unplanned event that may arise such as natural disasters or non-fiscal emergencies. In the fiscal year 2022 adopted budget, the Contingency Reserve was identified and set aside for the designated purpose in the amount of \$26,846,690.

The General Fund Reserve for Capital Improvement Projects primarily reflects the proceeds from land sales between fiscal year 2006 and fiscal year 2022. Such proceeds have been used for specific capital improvement projects as approved by the Council. The reserve balance at year end was \$5,550,385, which was classified as committed resources of the fund balance. Future funds in this reserve are for one-time capital expenditures in adherence with Council fiscal policy.

The Current Capital Projects and Special Projects Carryover represents the unspent amount of multiple-year General Fund project appropriations and deferred transfers to other funds’ capital projects. The amount of \$35,244,374 remains committed until the completion of these Council-approved projects.

The Budget Stabilization Fund functions to normalize service levels through economic cycles. After identifying nonspendable, restricted, committed, and assigned fund balances, the remaining balances become the Budget Stabilization Fund. This stabilization fund is expected to increase during periods of economic growth and is to be drawn down during the low points of economic cycles to maintain stable service levels over the long term. At the end of fiscal year 2022, this stabilization fund had a balance of \$93,707,331 and is classified as unassigned.

Explanation of Fund Balance Requirements Other than the General Fund:

For the Housing Special Revenue Fund, the restricted amount of \$132,840,470 is for the purposes of developing affordable housing by utilizing housing impact fees and managing the City’s below-market-rate housing as supported by below-market-rate housing fees and fines.

For the Park Dedication Special Revenue Fund, the restricted amount of \$82,786,676 is for the purpose of acquisition, construction, or renovation of neighborhood parks.

For the City Projects Fund, total fund balance was \$93,022,238 and represents the restricted resources from grants and impact fees.

For the Infrastructure Renovation and Improvement Fund, the amount of balance of \$76,800,418 represents resources assigned to capital projects, primarily for the construction of the City Civic Center.

For the Civic Center Capital Project Fund, the amount of \$27,582,460 represents unspent bond proceeds which are restricted to pay the Civic Center construction costs.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST

Pursuant to the State Statute ABx1 26 (the Dissolution Act), on January 10, 2012, the City Council elected to become the Redevelopment Successor Agency (RSA) for the former Redevelopment Agency (RDA).

Prior to July 1, 2018, the RSA had been governed by the Oversight Board consisting of seven members representing the City of Sunnyvale, the County and local education and special districts of the Redevelopment Project Area. Commencing July 1, 2018, Senate Bill 107 requires that all oversight boards for the various former redevelopment agencies in the County be consolidated into a single county-wide oversight board.

The Oversight Board has a fiduciary responsibility to holders of Enforceable Obligations and the taxing entities that benefit from distributions of property tax and other revenues. The actions of the Oversight Board are overseen by the State Department of Finance and may be subject to disapproval or modification.

For funding of its remaining obligations for each period, the RSA is responsible for preparing the Recognized Obligation Payment Schedule (ROPS), subject to the approval of the Oversight Board and the State Department of Finance. Only the enforceable obligations listed in the ROPS may be paid by the RSA from the RPTTF distributed by the County.

The activities of the RSA are reported in a fiduciary fund (private-purpose trust fund) in the financial statements of the City.

The City has two private-purpose trust funds, which are presented in the basic financial statements in combined amounts. The remaining portion of this note explains only the account balances related to the Redevelopment Successor Agency Trust Fund.

A. Deposits and investments

At year end, the RSA’s cash and investments were held for the following purposes:

Enforceable Obligations Purposes	Amounts Approved to Cover the Period 7/1/22-12/31/22	Unspent Amounts from Prior Advances	Total RPTTF Held at 6/30/22
Central Core Tax Allocation Bonds Debt Service	\$ -	\$ (49,067)	\$ (49,067)
Fiscal Agent Trustee Fees	3,200	(1,305)	1,895
Town Center Pollution Remediation Obligations	35,000	148,974	183,974
Town Center Development Agreement Management Administration Funded by RPTTF	25,000	(27,812)	(2,812)
	<u>30,000</u>	<u>188,458</u>	<u>218,458</u>
RPTTF Managed by the City for the RSA	<u>\$ 93,200</u>	<u>\$ 259,248</u>	<u>\$ 352,448</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

At June 30, 2022, cash and investments held by the RSA in LAIF and in the City Treasury Pool was \$346,693 and \$5,755, respectively, which totaled to \$352,448. Additionally, investments totaling \$646,956 were invested in money market mutual funds and LAIF by the fiscal agent as debt service reserve for the Central Core Redevelopment Project Tax Allocation Refunding Bonds, Series 2003 (2003 Tax Allocation Bonds).

B. Receivables

At year end, the RSA’s receivables were as follows:

<u>To Collect from</u>	<u>Amount</u>
RPTTF (Reimbursement Obligation to City-1998 Parking Facility COP)	\$ 11,172,628
Interest Receivable	1,899
Total Receivables	<u>\$ 11,174,527</u>

Beginning with the third ROPS, which covered the period from January to June of 2013, the State Department of Finance has repeatedly denied the RSA’s reimbursement obligation for the 1998 Parking Facility Refunding Certificates of Participation, on the basis that the 1977 Loan Repayment Agreement was not an enforceable obligation. The amount of \$11,172,628 represents debt service payments by the City’s General Fund that remained unreimbursed by the RPTTF.

C. Capital Assets

The carrying value of the former RDA capital assets (land) was \$13,959,752 and there is no current year activity. This amount did not take into consideration any land use restrictions on the property.

D. Accrued Interest Payable

As of June 30, 2022, \$10,969 of interest was accrued on the 2003 Tax Allocation Bonds.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

E. Noncurrent Liabilities

Description	Balance, June 30, 2021	Additions	Reductions	Balance, June 30, 2022	Due Within One Year
Redevelopment Successor Agency Private-Purpose Trust Fund:					
Bonds Payable:					
Central Core Tax Allocation Bonds, Series 2003	\$ 1,145,000	\$ -	\$ (560,000)	\$ 585,000	\$ 585,000
Contractual Obligations under the 2016 MRADDOPA:					
Town Center Pollution Remediation Obligations to Developer	518,539	-	(7,664)	510,875	70,000
Payable to the Low and Moderate Income Housing Asset Fund	3,589,301	-	(3,589,301)	-	-
Former RDA Obligations Due to the City	35,186,163	2,041,967	-	37,228,130	-
Total	\$ 40,439,003	\$ 2,041,967	\$ (4,156,965)	\$ 38,324,005	\$ 655,000

These noncurrent liabilities are explained as follows.

Bonds Payable

Below is the outstanding bonded debt obligation issued for the Town Center Redevelopment Project area established in the late 1970s:

<u>Bonded Debt</u>	<u>Par Amount</u>	<u>Moody's</u>	<u>S&P</u>
Central Core Tax Allocation Refunding Bonds, Series 2003	\$ 585,000	Aa3	A+

Tax Allocation Bonds

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

Due in original annual installments of \$230,000-\$585,000 through August 1, 2022 with interest at 2.00-4.50%, Repayments had been made from incremental property taxes recorded in the Redevelopment Agency Special Revenue Fund before the Redevelopment Agency was dissolved on January 31, 2012. On February 1, 2012, the remaining debt principal in the amount of \$5,285,000 was transferred to the Redevelopment Successor Agency Private Purpose Trust Fund, which is funded by the RPTTF maintained by the County.

The debt service requirements for the bonds at June 30, 2022 is comprised of \$585,000 of principal and \$13,163 in interest, totaling \$598,163 payable during the year ending June 30, 2023.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

Contractual Obligations from the 2010 Amended Disposition and Development and Owners Participation Agreement (2010 ADDOPA) have been modified by the 2016 Modified and Restated Amended Disposition and Development and Owner Participation Agreement (2016 MRADDOPA)

On August 2, 2010, the Redevelopment Agency entered in the 2010 Amended Disposition and Development and Owner Participation Agreement with L. Gerald Hunt, as Court-Appointed Receiver (Developer) with respect to the Sunnyvale Town Center Project (2010 ADDOPA). The 2010 ADDOPA was a legally binding and enforceable agreement with a private party entered into in full compliance with the Community Redevelopment Law as it existed on August 2, 2010, so it was not an agreement that is otherwise void as violating the debt limit or public policy and it was entered into prior to 2011, and thus was an enforceable obligation under Health and Safety Code Section 34171(d)(1)(E).

On September 20, 2016, the Redevelopment Successor Agency entered into the 2016 Modified and Restated Amended Disposition and Development and Owner Participation Agreement (2016 MRADDOPA) for the Sunnyvale Town Center with STC Venture, LLC, a joint venture consisting of J.P. Morgan Asset Management Fund, Sares Regis Group of Northern California, and Hunter Properties, LLC. The 2016 MRADDOPA reduces the Successor Agency’s liabilities and increases the revenues to the taxing entities. This agreement supersedes and replaces the 2010 ADDOPA. Two key modifications with a significant financial impact on the Agency are (1) the elimination of the Town Center Public Improvement Obligations to the Developer, and (2) the reduction of the obligations related to the Town Center environmental remediation costs.

Reduction of Town Center Pollution Remediation Obligation

Pursuant to the 2010 ADDOPA, the former RDA and Downtown Sunnyvale Mixed Use, LLC (Developer) and successor in interest (Receiver) agreed to cooperate and share the costs in the investigation of, and response to, environmental conditions associated with the Town Center Project (Project) under the oversight of an appropriate regulatory agency. The former RDA and the Developer also agreed to cooperate in any efforts by either party to seek and obtain suitable liability protection, immunities and/or other assurances from the oversight agency regarding those environmental conditions pursuant to the Polanco Redevelopment Act, enacted by the State to encourage redevelopment of sites impacted by the presence of hazardous substances and to provide incentives in the form of state immunities, if completed.

During the period of due diligence by the Developer, it became known that soil and groundwater contamination does exist and emanates from the Project area. The contaminants, predominantly PCB, include hazardous materials thought to be released by former Downtown dry-cleaning establishments, or auto repair enterprises, gas stations, and other uses that use, store, or dispose of hazardous materials and wastes.

On July 17, 2007, the former RDA as responsible party adopted a resolution approving and authorizing an agreement with the San Francisco Bay Regional Water Quality Control Board as the oversight agency to facilitate investigation of, and response to, environmental conditions associated with the Project.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

The former RDA’s estimated cumulative pollution remediation obligation was \$9,000,000, measured at the current value of expected, most likely outlays. This amount included the RDA’s estimated share of total environmental costs with the Developer and the RDA’s own personnel and legal costs. The shared environmental costs include commercially reasonable costs incurred by the Developer and the Agency, including oversight fees charged by the environmental oversight agency, hazardous waste generator fees or taxes imposed by statute, hazardous waste transportation and disposal costs, related environmental fees charged by attorneys and consultants, costs to install, operate, and maintain soil, soil vapor and groundwater remedial systems, and costs related to the closure of remedial facilities.

The Dissolution Act recognizes obligations imposed by State law and contractual commitments to remediate contaminated properties as enforceable obligations. On February 1, 2012, the RSA recognized the estimated liability of \$1,865,440, which was the same amount as recognized by the former RDA under the accrual basis of accounting as of January 31, 2012 before its dissolution. Outlays totaling \$1,354,566 have been incurred since the RDA dissolution, including \$7,664 in this year. At year end, the estimated remaining amount is \$510,875.

The 2016 MRADDOPA reduces the Successor Agency’s obligations related to environmental remediation by requiring the Developer to assume the full cost of environmental remediation for the Successor Agency’s public parking parcels on Block 6 (Lots 1, 3 and 4) upon conveyance of these parcels to the Developer no later than October 1, 2022.

Payable to the Low and Moderate Income Housing Asset Fund (LMIHAF)

California Redevelopment law used to require that 20% of the tax increment generated from the redevelopment project area be used by the RDA to increase and improve affordable housing for persons of low and moderate income. Due to pre-existing debt obligations, the RDA had to defer payments into the Low and Moderate Income Housing Fund by accruing a liability (“Due to Other Funds”) in the (old) Redevelopment Special Revenue Fund. From fiscal year 1994 to fiscal year 2011 total liabilities accrued amounted to \$14,673,336. A corresponding, equal amount of receivable (“Due from Other Funds”) had been reported in the Redevelopment Low and Moderate Income Housing Fund. Both funds had been reported under nonmajor special revenue funds until fiscal year 2011 when the implementation of GASB Statement No. 54 caused the consolidation of the two funds as one nonmajor special revenue fund called the (new) Redevelopment Special Revenue Fund.

The Dissolution Act states that the City or County that authorized the creation of the RDA may elect to retain the affordable housing assets and functions previously performed by the RDA. On June 27, 2012, the State Legislature passed AB 1484, a budget “trailer bill” to the Dissolution Act. AB 1484 provides clarifications to the treatment of housing assets under the Dissolution Act. Deferred amounts owed to the former Low and Moderate Income Housing Fund are considered housing assets to be administered by the Housing Successor. The Housing Successor is not subject to the Oversight Board’s control but must keep the housing-related rights, powers, duties and obligations of the former RDA.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

Pursuant to AB 1484 Section 34176(d), a new City fund called “Low and Moderate Income Housing Asset Fund” (LMIHAF) was created in fiscal year 2012 to record the only housing asset (“Housing Deficits Receivable”). The LMIHAF is a nonmajor special revenue fund whose use must comply with the applicable housing-related provisions of the State’s Community Redevelopment Law.

At June 30, 2022, there was no remaining obligation to the LMIHAF fund. The prior year’s remaining balance of \$3,589,301 was repaid on July 1, 2021.

Former Redevelopment Agency (RDA) Obligations Due to the City’s General Fund

Under the Dissolution Act, the repayment of many loans made in good faith by a Sponsoring Community to its now dissolved RDA became unenforceable as of February 1, 2012. Under AB 1484, upon application by the Successor Agency and approval by the Oversight Board (whose approval in turn creates the opportunity for the State Department of Finance review and disapproval), loan agreements between the Sponsoring Community and the Dissolved RDA that were previously deemed not to constitute enforceable obligations as of February 1, 2012, can once again be deemed to be enforceable obligations if the Oversight Board finds that the loan was for legitimate redevelopment purposes.

On September 22, 2015, Senate Bill (SB) 107, which contains significant changes to the redevelopment dissolution laws, was signed into law. If a successor agency has received a finding of completion, an oversight board may revitalize a loan agreement between the former RDA and the city which was previously determined to not be an enforceable obligation. Additionally, the interest rate of any reestablished loan agreement shall be recalculated at an interest rate of three percent from the origination of the loan. SB 107 also redefines a “loan agreement” as follows:

- Loans for money under which the city transferred cash to the former RDA for use for a lawful purpose and where the former RDA was obligated to repay the money pursuant to a required repayment schedule;
- Agreements under which city transferred real property to the former RDA for use for a lawful purpose and the RDA was obligated to pay the city for the real property interest; or
- Agreements under which the city contracted with a third party on behalf of the former RDA, limited to \$5 million.

The determination on how the RSA’s repayment schedule below will be interpreted under SB 107 is still in legal proceedings and will ultimately affect whether any loans listed in the schedule below can be reestablished for repayment.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

The following repayment schedule shows the calculation of the balances of the City loans at year end:

Loans from the City General Fund to the Redevelopment Agency	Loan Principal	Simple Interest at 3%	Total
1977 Loan Reentered Agreement 2012	11,172,629	1,638,037	12,810,666
Administrative Loan	14,017,916	8,333,827	22,351,743
Plaza Loan	1,500,000	565,722	2,065,722
Loan Balance, June 30, 2022	<u>26,690,545</u>	<u>10,537,586</u>	<u>37,228,130</u>

The former RDA (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 as part of a financing mechanism for the start of the RDA project area development. In 2005, the leased asset, a two-level parking structure, was demolished and two surface parking lots with improvements were substituted as the leased assets for the 1998 Parking Facility Certificates of Participation. The lease, as amended, requires the City to pay to the former RDA base rental payments ranging from \$1,131,103 to \$1,281,250 annually, payable on October 1 and April 1 of each year until October 1, 2022, equal to related debt service payments. Under the terms of the First Amended Repayment Contract, the former RDA made the commitment to repay the City for costs advanced (called the “1977 Loan”) on its behalf and base rentals plus 8% interest thereon.

After the RDA dissolution, the City and the Successor Agency (RSA) reentered into an Amended and Restated Reimbursement Agreement on April 24, 2012, effective retroactively to February 1, 2012. The funding source of the RSA reimbursement, in the City’s opinion, should have been the RPTTF. However, the DOF determined that both the 1977 Loan Repayment Agreement and the reentered 2012 Amended and Restated Reimbursement Agreement for the 1998 COPS would not qualify as enforceable obligations. On April 20, 2018, the California Court of Appeal affirmed the trial court’s decision that the 1977 Repayment Agreement was not an enforceable obligation under the statutory exception for written agreements entered into at the time of issuance of indebtedness obligations, solely for the purpose of securing or repaying those indebtedness obligations. The City filed a petition for review with the California Supreme Court in May 2018, which petition was denied.

The City and the former RDA also adopted a “2003 Loan and Repayment Agreement” on December 18, 2003. The RDA agreed to compensate the City for all administrative costs incurred for the RDA after 1985 and further capital expenditures that had been incurred since 1986 (called the “Administrative Loan” and the “Plaza Loan”) with original interest rates of 8% and 6%, respectively. Both loan balances had once been recalculated using the LAIF rates at the time of the RDA dissolution. On September 22, 2015, the State Legislature passed Senate Bill 107, which requires that the loan be recalculated at the simple interest rate of three percent from the date of origination of the loan. After granting the Finding of Completion to the RSA on December 23, 2015, the DOF continued to deny both the Administrative Loan and the Plaza Loan as enforceable obligations, most recently on May 17, 2018 in its letter concerning the 2018-19 Annual ROPS. The loan balance of \$37,228,130 was reported and fully allowed for by the General Fund.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2022

NOTE 21 – SUBSEQUENT EVENTS

Award of Contract: On November 1, 2022, the City Council approved the award of contract to Walsh Construction Company II, LLC in the amount of \$277.9 million for the Water Pollution Control Plant Secondary Treatment and Thickening/Dewatering Project. The Project will replace the City's current secondary treatment process with conventional activated sludge (CAS) facilities and construct a thickening and dewatering facility and support facilities to help meet pending changes in regulatory limits and requirements. The Project construction is currently scheduled to begin in 2023 and anticipated to finish in 2027.

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Required Supplementary Information (Unaudited)

**Required Supplementary Information
Fiscal Year Ended June 30, 2022**

BUDGETARY POLICY AND CONTROL

The following are Budgetary Comparison Schedules for the General Fund and Major Special Revenue Funds:

**Budgetary Comparison Schedule - General Fund
Fiscal Year Ended June 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive(Negative)
Budgetary Fund Balance, July 1, 2021	\$ 91,592,056	\$ 142,305,152	\$ 142,305,152	\$ -
Resources (inflows):				
Property Taxes	94,860,330	108,198,390	113,499,852	5,301,462
Sales and Use Taxes	27,782,519	30,569,555	35,801,316	5,231,761
Other Taxes	23,366,221	24,766,342	29,724,641	4,958,299
Franchise Fees	7,356,348	7,485,026	7,221,935	(263,091)
Intergovernmental Revenues	14,840,557	15,755,112	2,097,696	(13,657,416)
Permits and Licenses	1,955,653	1,953,445	2,065,751	112,305
Fines and Forfeitures	528,883	504,026	592,024	87,998
Service Fees	4,111,738	4,909,248	6,607,446	1,698,198
Rents and Concessions	3,134,422	3,574,697	1,484,601	(2,090,096)
Investment Earnings	1,719,943	2,692,729	2,517,132	(175,597)
Interfund Revenues	4,419,817	4,419,817	6,581,503	2,161,686
Other Revenues	577,128	12,145,963	1,232,888	(10,913,075)
Transfers In	17,757,760	17,757,760	26,645,843	8,888,083
Total Resources	202,411,319	234,732,110	236,072,629	1,340,518
Charges to appropriations (outflows):				
City Attorney	1,641,769	1,641,769	1,708,388	(66,619)
City Manager	5,165,085	5,165,085	4,643,639	521,446
Community Development	1,510,080	1,510,080	1,325,719	184,361
Finance	10,450,639	10,450,639	9,793,802	656,837
Human Resources	4,617,834	4,617,834	4,128,516	489,317
Library and Community Services	18,702,597	18,752,597	17,064,109	1,688,488
Public Safety	83,273,453	84,365,828	84,504,199	(138,371)
Public Works	23,652,609	22,152,609	20,450,355	1,702,254
Environmental Services	2,416,649	2,416,649	1,948,531	468,118
Capital Outlay and Special Projects	14,479,086	51,949,147	14,374,165	37,574,982
Debt Service	1,248,210	1,248,210	1,241,250	6,960
Transfers Out	35,062,551	56,363,239	56,297,872	65,367
Total charges to appropriations	202,220,562	260,633,685	217,480,545	43,153,140
Excess of resources over (under) charges to appropriations	190,758	(25,901,575)	18,592,084	44,493,658
Budgetary Fund Balance, June 30, 2022	\$ 91,782,814	\$ 116,403,577	\$ 160,897,236	\$ 44,493,658

See Accompanying Notes to the Budgetary Comparison Schedules

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2022

BUDGETARY POLICY AND CONTROL, Continued

Budgetary Comparison Schedule - Housing Special Revenue Fund
Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance, July 1, 2021	\$ 26,790,250	\$ 58,923,419	\$ 58,923,419	\$ -
Resources (inflows):				
Intergovernmental Revenues				-
Service Fees	20,549,092	11,645,786	47,833,154	36,187,368
Rents and Concessions	-	12,000	11,000	(1,000)
Interest Income	800,162	1,013,384	1,085,488	72,104
Other Revenues	7,776,331	9,658,595	1,136,149	(8,522,446)
Transfer In	1,250,000	1,000,000	1,000,000	-
Total Resources	30,375,585	23,329,765	51,065,791	27,736,026
Charges to appropriations (outflows):				
Community Development	1,011,087	1,011,087	879,657	131,430
Capital Outlay and Special Projects	250,000	25,252,874	17,212,277	8,040,597
Transfers Out	628,652	11,548,844	11,551,772	(2,928)
Total charges to appropriations	1,889,739	37,812,805	29,643,706	8,169,099
Excess of resources over (under) charges to appropriations	28,485,846	(14,483,040)	21,422,085	35,905,125
Budgetary Fund Balance, June 30, 2022	\$ 55,276,096	\$ 44,440,379	\$ 80,345,504	\$ 35,905,125

Budgetary Comparison Schedule – Park Dedication Special Revenue Fund
Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance, July 1, 2021	\$ 58,505,210	\$ 83,259,031	\$ 83,259,031	\$ -
Resources (inflows):				
Service Fees	33,629,534	33,629,534	21,785,663	(11,843,871)
Interest Income	1,178,328	1,260,984	1,428,287	167,303
Total Resources	34,807,862	34,890,518	23,213,950	(11,676,568)
Charges to appropriations (outflows):				
Capital Outlay and Special Projects	2,653,072	55,921,063	18,980,603	36,940,460
Transfers Out	25,468,012	3,137,172	2,365,733	771,439
Total charges to appropriations	28,121,084	59,058,235	21,346,336	37,711,899
Excess of resources over (under) charges to appropriations	6,686,778	(24,167,717)	1,867,614	26,035,331
Budgetary Fund Balance, June 30, 2022	\$ 65,191,988	\$ 59,091,314	\$ 85,126,645	\$ 26,035,331

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2022

BUDGETARY POLICY AND CONTROL, Continued

The following schedule reconciles the differences of actual amounts presented using the budgetary basis vs. GAAP basis of accounting:

Sources/Inflow of Resources:	General Fund	Housing Fund	Park Dedication Fund
Actual amounts (budgetary basis) of "total resources" from the budgetary comparison schedule	\$ 236,072,629	\$ 51,065,791	\$ 23,213,950
Differences - Budget to GAAP			
Loan principal repayments are a budgetary resource but are not revenues for financial reporting purposes	-	(984,990)	-
Change in fair value of investments is not a budgetary resource	(9,192,190)	(4,264,290)	(4,670,166)
GAAP Reporting Entity Differences:			
- Internal Agency Fund not budgeted in the General Fund	328,870	-	-
- Youth and Neighborhood Services not budgeted in the General Fund	392,753	-	-
- ARPA (American Rescue Plan Act of 2021) not budgeted in General Fund	28,154,030	-	-
Leases	151,785	-	-
Public Safety sales tax net adjustment	5,756	-	-
Transfers from other funds for administrative reimbursements are inflows of expenditure reductions for financial reporting	(13,044,431)	-	-
Other funds' operating in-lieu payments reported as transfers	(15,763,098)	-	-
Transfers between Housing Subfunds are eliminated for financial reporting	-	(1,000,000)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 227,106,104</u>	<u>\$ 44,816,511</u>	<u>\$ 18,543,784</u>
Uses/Outflows of Resources			
Actual amounts (budgetary basis) of "total charges to appropriations" from the budgetary comparison schedule	\$ 217,480,545	\$ 29,643,706	\$ 21,346,336
Differences - Budget to GAAP			
GAAP Reporting Entity Differences:			
- Internal Agency Fund not budgeted in the General Fund	125,128	-	-
- Youth and Neighborhood Services is not budgeted in the General Fund	906,273	-	-
- Disaster Emergencies not budgeted in General Fund	144,661	-	-
Unbudgeted activity - Inventory adjustment not budgeted in the General Fund	(19,306)	-	-
Loan disbursements are outflows of budgetary resource but are not expenditures for financial reporting purposes	-	(17,050,000)	-
Transfers from other funds for administrative reimbursements are inflows of budgetary resources but are expenditure reductions for financial reporting	(13,044,431)	-	-
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(23,619,162)	(11,245,000)	(2,365,733)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 181,973,708</u>	<u>\$ 1,348,706</u>	<u>\$ 18,980,603</u>

See Accompanying Notes to the Budgetary Comparison Schedule

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2022

Notes to the Budgetary Comparison Schedules

1. Budgetary Information

Sunnyvale's approach to budget preparation is a central part of the City's planning and management. Key elements 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,
- Council Study Issues process,
- Annual performance reporting and evaluation, and
- Performance audits based on risk assessments.

In establishing the budgetary data reflected in its financial statements, the City 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.
- 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 City's budget appropriation control is by program within the same fund for operating programs in the General Fund and Special Revenue Funds. Any unexpended appropriations expire at fiscal year-end unless specifically re-appropriated by the City Council during the new fiscal year.

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2022

Notes to the Budgetary Comparison Schedules, Continued

- Approved appropriations for capital improvement projects do not lapse at the end of fiscal year unless the capital improvement project has been completed and closed out or the City Council takes affirmative action to modify the budget appropriation for the capital improvement project.
- Formal budgets are employed as a management control device for all funds in which a budget has been adopted. Annual appropriated budgets apply to the general fund, special revenue funds, permanent funds, and debt service funds. Capital project funds operate using project-length budgets. Proprietary fund budgets serve only as financial plans.
- Budgeted amounts reported are those as originally adopted June 20, 2022 plus all amendments approved during the year by the City Council. Individual amendments were not material in relation to the original amounts budgeted.

2. Budgetary Control

Legal Level of Budgetary Control

Expenditures for each department are legally limited to the amounts authorized by the City Council in the Budget Resolution, plus subsequent changes individually approved by the City Council through Budget Modifications. The City's budget appropriation control is by program (with adjustments between programs within the same fund allowed below specified thresholds) for operating programs in the General Fund and Special Revenue Funds. For Proprietary Funds, expenditures cannot exceed actual revenues plus the planned use of reserves.

Appropriations for operations lapse at year-end to the extent they have not been expended. On November 6, 2007 Sunnyvale voters amended the City Charter so that appropriations for capital improvement projects will not lapse at year-end unless completed, closed out, or modified by the City Council. The City adopts project-length budgets for its capital projects funds.

Excess of Expenditures Over Appropriations

While the Department of Public Works was under budget as a Department, it exceeded its expenditure appropriation in the Neighborhood Parks and Open Space Management program due to utility costs and unanticipated repairs associated with the Multi-Modal Transit Station elevator. Multimodal Transit Station costs are offset by revenue from a partner agency as these expenses are reimbursed at 90%. In the Department of Public Safety, vacancies resulted in a high use of overtime, driving the Fire Services program to exceed appropriations. The City has appropriated significant ongoing funds to recruit and train public safety officers over the long-term financial plan to bring staffing in line with authorized positions.

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2022

Notes to the Budgetary Comparison Schedule, Continued

3. Budgetary Highlights

The General Fund

The General Fund original appropriations budget (outflows) of \$202,220,562 was modified during the fiscal year to incorporate project, equipment, and transfer appropriation carryover from prior years of \$45,383,963. Of significance was \$11,853,011 in new appropriations. These changes net against other adjustments during the FY 2021/22 budget development process for a final amended budget of \$260,633,685. The Funding sources for these amendments were due to grant revenue, additional revenue estimated during midyear budget adjustments, General Fund savings, General Fund reserves, and savings from projects and transfers that did not require their full appropriation.

Estimated inflows of resources of the General Fund were also amended during the fiscal year for an increase of \$32,320,791 due primarily to midyear adjustments during FY 2022/23 budget development. The midyear budget revenue adjustments were part of the budget development process to more appropriately reflect the actual trends based upon year-to-date information. In particular, Sales Tax was increased by \$2,787,036 due to stronger recovery from the challenges of the COVID-19 than anticipated. The City also added \$13,338,060 in Property Tax, which includes \$9,709,239 million in Excess ERAF that the City continues to budget conservatively to mitigate the risk of claw back of these funds due to ongoing litigation.

The Housing Special Revenue Fund

The City's Housing Fund original appropriation budget of \$1,889,739 was modified during the fiscal year by \$2,247,955 in new appropriations. \$2,245,000 additional for transfer of property from the General Fund to the Housing Fund and \$2,955 for a supplemental transfer to the pension trust. The final budget also comprises project and transfer carryover appropriations from prior years, including \$17,000,000 for the Block 15 – Affordable Housing Site project, \$7,500,000 of Orchard Gardens Apartment Redevelopment project and \$9,000,000 for a transfer of property from the General Fund to Housing Fund.

The Park Dedication Special Revenue Fund

The original appropriation budget of the City's Park Dedication Fund was \$28,121,084 and was modified during the fiscal year with \$2,079,337 in new appropriations - \$1,150,000 for the acquisition of Manzano Way Park and \$929,337 for replacement of radio-controlled irrigation equipment in parks. The remaining difference between the original and final expenditure budget is the result of carryover from prior fiscal years.

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2022

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

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 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.

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 no less than every three years or as allowed by resources. Each street was assigned a physical condition based on potential defects. A regionally based Pavement Condition Index (PCI) 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:

<u>Condition</u>	<u>Rating</u>
Excellent	90-100
Very Good	80-89
Good	70-79
Fair	60-69
At Risk	50-59
Poor	25-49
Failed	0-24

The City policy is to achieve a rating of 75 or over for all streets, which is a “good” or better rating based on Metropolitan Transportation Commission (MTC) Regional standards. The last study report was issued in June 2022 for fiscal year 2022. In that study, the City’s street system was rated at a PCI index of 76 on the average with the detail condition as follows:

<u>Condition</u>	<u>Rating</u>
Excellent	7.4%
Very Good	41.3%
Good	32.2%
Fair	10.3%
At Risk	4.6%
Poor	3.9%
Failed	0.3%

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2022

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS, Continued

While the 2022 study results met the City policy, the most cost effective PCI is considered to be 80. The City budgeted additional funds beginning in fiscal year 2012 to return to a PCI of 80 within five years and maintain that level thereafter.

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 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 \$7,388,000 on street maintenance for the fiscal year ended June 30, 2022. 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 five years is presented below.

<u>Fiscal Year</u>	<u>Maintenance Estimate</u>	<u>Actual Expenditures</u>	<u>Average PCI Index</u>
2017-2018	\$ 11,147,000	\$ 7,488,000	76
2018-2019	10,797,000	7,128,000	76
2019-2020	8,048,000	5,746,000	76
2020-2021	13,589,000	10,060,000	77
2021-2022	19,232,000	7,388,000	76

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. The City leverages grant funding when available to augment the program.

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2022

PENSION PLANS

City of Sunnyvale Miscellaneous Plan

Schedule of Changes in the Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30

Last 10 Years¹

Measurement Period	2021	2020
TOTAL PENSION LIABILITY		
Service Cost	\$ 11,996,478	\$ 11,701,084
Interest on Total Pension Liability	46,636,226	44,872,640
Changes of Assumptions	-	-
Difference Between Expected and Actual Experience	744,292	(1,023,066)
Benefit Payments, Including Refunds of Employee Contributions	(33,732,095)	(31,868,242)
Net Change in Total Pension Liability	25,644,901	23,682,416
Total Pension Liability – Beginning	662,378,424	638,696,008
Total Pension Liability – Ending (a)	\$ 688,023,325	\$ 662,378,424
PLAN FIDUCIARY NET POSITION		
Contributions – Employer	\$ 23,049,190	\$ 21,054,645
Contributions – Employee	5,474,501	5,201,737
Net Investment Income	105,593,674	22,511,843
Benefit Payments, Including Refunds of Employee Contributions	(33,732,095)	(31,868,242)
Other Miscellaneous Expense	423	-
Administrative Expense	(467,568)	(636,929)
Net Change in Fiduciary Net Position	99,918,125	16,263,054
Plan Fiduciary Net Position – Beginning	468,064,347	451,801,293
Plan Fiduciary Net Position – Ending (b)	\$ 567,982,472	\$ 468,064,347
Plan Net Pension Liability – Ending (a) - (b)	\$ 120,040,853	\$ 194,314,077
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.55%	70.66%
Covered Payroll ²	\$ 69,625,525	\$ 66,521,230
Plan Net Pension Liability as a Percentage of Covered Payroll	172.41%	292.11%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered payroll represents the payroll on which contributions to the pension plan are based.

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2020 valuation date.

Change in Assumptions: During Measurement period 2014, the discount rate was 7.50 percent. During the measurement period 2015, the discount rate was increased from 7.5 percent to 7.65 percent. There was no change in assumptions during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no change in assumptions during measurement periods 2019, 2020, and 2021.

2019	2018	2017	2016	2015	2014
\$ 11,559,006	\$ 11,199,730	\$ 10,842,227	\$ 9,680,984	\$ 9,957,430	\$ 10,186,565
43,217,539	40,900,336	39,261,483	38,249,412	36,727,690	35,343,753
-	(4,081,790)	32,106,944	-	(8,859,441)	-
8,785,490	3,645,229	(6,019,442)	(2,309,130)	(4,993,806)	-
(29,484,250)	(27,829,331)	(26,020,390)	(24,937,993)	(23,753,937)	(21,670,122)
34,077,785	23,834,174	50,170,822	20,683,273	9,077,936	23,860,196
604,618,223	580,784,049	530,613,227	509,929,954	500,852,018	476,991,822
\$ 638,696,008	\$ 604,618,223	\$ 580,784,049	\$ 530,613,227	\$ 509,929,954	\$ 500,852,018
\$ 19,631,877	\$ 16,854,299	\$ 15,147,804	\$ 14,617,203	\$ 13,259,494	\$ 13,538,441
5,467,671	5,008,021	4,604,224	4,584,629	4,498,949	4,900,096
28,083,867	34,014,678	41,501,524	474,899	8,380,085	56,229,060
(29,484,250)	(27,829,331)	(26,020,390)	(24,937,993)	(23,753,937)	(21,670,122)
995	(1,191,114)	-	579	(288)	-
(305,720)	(626,703)	(542,569)	(227,308)	(419,766)	-
23,394,440	26,229,850	34,690,593	(5,487,991)	1,964,537	52,997,475
428,406,853	402,177,003	367,486,410	372,974,401	371,009,864	318,012,389
\$ 451,801,293	\$ 428,406,853	\$ 402,177,003	\$ 367,486,410	\$ 372,974,401	\$ 371,009,864
\$ 186,894,715	\$ 176,211,370	\$ 178,607,046	\$ 163,126,817	\$ 136,955,553	\$ 129,842,154
70.74%	70.86%	69.25%	69.26%	73.14%	74.08%
\$ 64,370,478	\$ 61,107,215	\$ 57,600,952	\$ 55,959,435	\$ 56,387,283	\$ 54,657,753
290.34%	288.36%	310.08%	291.51%	242.88%	237.55%

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2022

PENSION PLANS

City of Sunnyvale Safety Plan

Schedule of Changes in the Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30

Last 10 Years¹

Measurement Period	2021	2020
TOTAL PENSION LIABILITY		
Service Cost	\$ 11,148,722	\$ 10,810,262
Interest on Total Pension Liability	43,612,006	42,233,127
Changes of Assumptions	-	-
Difference Between Expected and Actual Experience	(1,483,768)	240,732
Benefit Payments, Including Refunds of Employee Contributions	(33,259,910)	(31,627,776)
Net Change in Total Pension Liability	20,017,050	21,656,345
Total Pension Liability – Beginning	622,497,478	600,841,133
Total Pension Liability – Ending (a)	\$ 642,514,528	\$ 622,497,478
PLAN FIDUCIARY NET POSITION		
Contributions – Employer	\$ 20,974,642	\$ 18,970,323
Contributions – Employee	4,201,192	4,191,546
Net Investment Income	94,508,129	20,302,470
Benefit Payments, Including Refunds of Employee Contributions	(33,259,910)	(31,627,776)
Plan to Plan Resource Movement	(423)	-
Administrative Expense	(419,286)	(575,844)
Net Change in Fiduciary Net Position	86,004,344	11,260,719
Plan Fiduciary Net Position – Beginning	419,731,467	408,470,748
Plan Fiduciary Net Position – Ending (b)	\$ 505,735,811	\$ 419,731,467
Plan Net Pension Liability – Ending (a) - (b)	\$ 136,778,717	\$ 202,766,011
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.71%	67.43%
Covered Payroll ²	\$ 36,457,562	\$ 34,849,331
Plan Net Pension Liability as a Percentage of Covered Payroll	375.17%	581.84%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered payroll represents the payroll on which contributions to the pension plan are based.

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2020 valuation date.

Change in Assumptions: During Measurement period 2014, the discount rate was 7.50 percent. During the measurement period 2015, the discount rate was increased from 7.5 percent to 7.65 percent. There is no change in assumptions during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2019. There were no change in assumptions during measurement periods 2019, 2020, and 2021.

2019	2018	2017	2016	2015	2014
\$ 10,590,296	\$ 10,198,713	\$ 10,631,055	\$ 9,135,944	\$ 8,771,544	\$ 9,513,550
40,740,521	38,968,908	37,837,829	36,805,665	35,349,092	33,899,709
-	(3,031,221)	31,727,462	-	(8,685,061)	-
4,796,806	(1,342,176)	(3,692,230)	(182,810)	(1,105,115)	-
(29,984,051)	(28,780,790)	(27,339,259)	(25,948,338)	(24,211,372)	(22,125,777)
26,143,572	16,013,434	49,164,857	19,810,461	10,119,088	21,287,482
574,697,561	558,684,127	509,519,270	489,708,809	479,589,721	458,302,239
\$ 600,841,133	\$ 574,697,561	\$ 558,684,127	\$ 509,519,270	\$ 489,708,809	\$ 479,589,721
\$ 17,722,518	\$ 14,914,181	\$ 13,836,093	\$ 12,634,254	\$ 11,312,835	\$ 12,221,414
4,108,581	3,875,143	4,039,494	3,911,682	3,970,442	3,689,599
25,483,098	31,151,544	38,624,125	489,200	7,812,498	54,102,751
(29,984,051)	(28,780,790)	(27,339,259)	(25,948,338)	(24,211,372)	(22,125,777)
911	(1,100,642)	-	(579)	202	-
(279,325)	(580,496)	(506,839)	(214,779)	(396,404)	-
17,051,732	19,478,940	28,653,614	(9,128,560)	(1,511,799)	47,887,987
391,419,016	371,940,076	343,286,462	352,415,022	353,926,821	306,038,834
\$ 408,470,748	\$ 391,419,016	\$ 371,940,076	\$ 343,286,462	\$ 352,415,022	\$ 353,926,821
\$ 192,370,385	\$ 183,278,545	\$ 186,744,051	\$ 166,232,808	\$ 137,293,787	\$ 125,662,900
67.98%	68.11%	66.57%	67.37%	71.96%	73.80%
\$ 33,702,370	\$ 32,177,671	\$ 33,006,474	\$ 31,449,031	\$ 29,886,011	\$ 31,473,683
570.79%	569.58%	565.78%	528.58%	459.39%	399.26%

Required Supplementary Information, Continued

Fiscal Year Ended June 30, 2022

PENSIONS

**City of Sunnyvale Miscellaneous Plan
Schedule of Plan Contributions for the Fiscal Years Ended June 30
Last 10 Years¹**

	2022	2021	2020
Actuarially Determined Contribution	\$ 24,279,280	\$ 23,049,190	\$ 21,054,645
Contributions in Relation to the Actuarially Determined Contributions	(24,279,280)	(23,049,190)	(21,054,645)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ²	\$ 73,700,809	\$ 69,625,525	\$ 66,521,230
Contributions as a Percentage of Covered Payroll	32.94%	33.10%	31.65%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered payroll represents the payroll on which contributions to the pension plan are based.

The actuarial methods and assumptions used to determine the fiscal year 2022 contribution rates are as follows:

Valuation date	6/30/2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	7.00% (net of expenses)
Projected Salary Increase	Varies by entry age and services
Inflation	2.50%
Payroll Growth	2.75%
Mortality	Derived using CalPERS membership data for all funds.

2019	2018	2017	2016	2015	2014
\$ 18,631,877	\$ 16,854,299	\$ 15,147,804	\$ 13,917,203	\$ 12,759,494	\$ 11,511,570
(19,631,877)	(16,854,299)	(15,147,804)	(14,617,203)	(13,259,494)	(13,538,441)
<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ (500,000)</u>	<u>\$ (2,026,871)</u>
\$ 64,370,478	\$ 61,107,215	\$ 57,600,952	\$ 55,959,435	\$ 56,387,283	\$ 54,657,753
30.50%	27.58%	26.30%	26.12%	23.52%	24.77%

Required Supplementary Information, Continued

Fiscal Year Ended June 30, 2022

PENSIONS

**City of Sunnyvale Safety Plan
Schedule of Plan Contributions for the Fiscal Years Ended June 30
Last 10 Years¹**

	2022	2021	2020
Actuarially Determined Contribution	\$ 22,853,810	\$ 20,974,642	\$ 18,970,323
Contributions in Relation to the Actuarially Determined Contributions	(22,853,810)	(20,974,642)	(18,970,323)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ²	\$ 38,548,202	\$ 36,457,562	\$ 34,849,331
Contributions as a Percentage of Covered Payroll	59.29%	57.53%	54.44%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered payroll represents the payroll on which contributions to the pension plan are based.

The actuarial methods and assumptions used to determine the fiscal year 2022 contribution rates are as follows:

Valuation date	6/30/2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	7.00% (net of expenses)
Projected Salary Increase	Varies by entry age and services
Inflation	2.50%
Payroll Growth	2.75%
Mortality	Derived using CalPERS membership data for all funds.

2019	2018	2017	2016	2015	2014
\$ 16,722,518	\$ 14,914,181	\$ 13,836,093	\$ 11,934,254	\$ 10,812,835	\$ 10,310,729
(17,722,518)	(14,914,181)	(13,836,093)	(12,634,254)	(11,312,835)	(12,221,414)
<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ (500,000)</u>	<u>\$ (1,910,685)</u>
\$ 33,702,370	\$ 32,177,671	\$ 33,006,474	\$ 31,449,031	\$ 29,886,011	\$ 31,473,683
52.59%	46.35%	41.92%	40.17%	37.85%	38.83%

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2022

City of Sunnyvale OPEB Plan

Schedule of Changes in the Net OPEB Liability and Related Ratios for the Measurement Periods Ended June 30
 Last 10 Years¹

Measurement Period	2021	2020	2019	2018	2017
Total OPEB liability:					
Service Cost	\$ 6,258,309	\$ 5,963,549	\$ 5,789,853	\$ 5,126,673	\$ 5,288,000
Interest	10,776,578	10,609,180	10,092,406	10,947,288	10,076,000
Differences between Expected and Actual Experience	-	(12,386,222)	-	(15,011,718)	-
Changes of Assumptions	-	6,174,688	-	5,292,216	-
Benefit Payments	(8,057,414)	(7,674,549)	(7,211,618)	(7,249,724)	(6,927,000)
Net change in Total OPEB Liability	8,977,473	2,686,646	8,670,641	(895,265)	8,437,000
Total OPEB Liability - Beginning	177,380,022	174,693,376	166,022,735	166,918,000	158,481,000
Total OPEB Liability - Ending (a)	\$ 186,357,495	\$ 177,380,022	\$ 174,693,376	\$ 166,022,735	\$ 166,918,000
Plan Fiduciary Net Position					
Contributions - Employer	\$ 11,640,712	\$ 12,054,056	\$ 12,048,370	\$ 11,332,886	\$ 11,170,000
Net Investment Income	30,761,293	6,091,558	6,472,434	6,736,501	7,702,310
Benefit Payments	(8,057,414)	(7,674,549)	(7,211,618)	(7,249,724)	(6,927,000)
Administrative Expense	(19,298)	(20,507)	(17,752)	(24,162)	(214,535)
Net Change in Plan Fiduciary Net Position	34,325,293	10,450,558	11,291,434	10,795,501	11,730,775
Plan Fiduciary Net Position-Beginning	115,545,428	105,094,870	93,803,436	83,007,935	71,277,160
Plan Fiduciary Net Position-Ending (b)	\$ 149,870,721	\$ 115,545,428	\$ 105,094,870	\$ 93,803,436	\$ 83,007,935
City's Net OPEB liability (a) - (b)	\$ 36,486,774	\$ 61,834,594	\$ 69,598,506	\$ 72,219,299	\$ 83,910,065
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	80.42%	65.14%	60.16%	56.50%	49.73%
Covered-Employee Payroll (Contributions not based on measure of pay)	\$ 118,376,979	\$ 114,830,357	\$ 110,932,793	\$ 104,981,096	\$ 99,643,412
City's Net OPEB Liability as a Percentage of Covered Employee Payroll	30.82%	53.85%	62.74%	68.79%	84.21%

¹ Historical information is required only for measurement periods for which GASB 75 is applicable.

Change in Assumptions: During measurement period 2018, demographic assumptions were updated in accordance to the CalPERS Membership Data 1997-2015 Experience Study. Mortality improvement scale was updated to Scale MP-2018 from MP-2014. The discount rate remains 6.0% and inflation rate at 2.75%. During measurement period ended June 30, 2020, actuarial assumptions for medical trend were adjusted and the mortality improvement scale was updated.

Required Supplementary Information, Concluded
Fiscal Year Ended June 30, 2022

City of Sunnyvale OPEB Plan

Schedule of Plan Contributions for the Fiscal Years Ended June 30

Last 10 Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution (ADC)	\$ 11,860,000	\$ 12,086,000	\$ 11,758,000	\$ 11,818,000	\$ 11,460,000	\$ 8,135,000
Contributions in Relation to the Actuarially Determined Contributions	(11,628,583)	(11,640,712)	(12,054,056)	(12,048,370)	(11,308,724)	(9,842,297)
Contribution Deficiency (Excess)	<u>\$ 231,417</u>	<u>\$ 445,288</u>	<u>\$ (296,056)</u>	<u>\$ (230,370)</u>	<u>\$ 151,276</u>	<u>\$ (1,707,297)</u>
Covered-Employee Payroll	\$ 128,464,021	\$ 118,376,979	\$ 118,376,979	\$ 110,932,793	\$ 104,981,096	\$ 99,643,412
Contributions as a Percentage of Covered-Employee Payroll	9.05%	9.83%	10.18%	10.86%	10.77%	9.88%

Notes to Schedule

Valuation date for funding purposes:	6/30/2020
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	6.0% (net of expenses)
Inflation	2.75%
Payroll Growth	3.0% including inflation
Medical Trend	7.0% annually decreasing to 4.0% for retirees not eligible for Medicare. 6.1% annually decreasing to 4.0 % for retirees eligible for Medicare (Non-Kaiser). 5.0% annually decreasing to 4.0% for retirees eligible for Medicare (Kaiser)
Mortality	Derived using CALPERS 1997-2015 Expected Study. Mortality Improvement Scale MP-2020.

¹ Historical information is required only for measurement periods for which GASB 75 is applicable.

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Supplementary Information

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General Fund Budgetary Control

CITY OF SUNNYVALE**General Fund Appropriations****Budgetary Comparisons**

June 30, 2022

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
Equipment			
General Equipment	\$ 310,037	\$ 49,998	\$ 260,039
Recreation Equipment	432,269	29,199	403,070
Public Safety Equipment	6,357,705	313,941	6,043,763
Total Equipment	<u>7,100,011</u>	<u>392,779</u>	<u>6,707,232</u>
Operating Programs			
City Attorney			
Comprehensive Legal Services	1,641,769	1,708,388	(66,619)
Total City Attorney	<u>1,641,769</u>	<u>1,708,388</u>	<u>(66,619)</u>
City Manager			
Office of the City Manager	5,165,085	4,643,639	521,446
Total City Manager	<u>5,165,085</u>	<u>4,643,639</u>	<u>521,446</u>
Community Development			
Planning	759,880	587,827	172,053
Community Development Department Management	750,200	737,892	12,308
Total Community Development	<u>1,510,080</u>	<u>1,325,719</u>	<u>184,361</u>
Environmental Services			
Regulatory Programs	1,147,562	1,062,817	84,745
Environmental Sustainability	796,323	479,502	316,821
Stormwater Collections	472,763	406,212	66,551
Total Environmental Services	<u>2,416,648</u>	<u>1,948,531</u>	<u>468,117</u>
Finance			
Budget Management	1,226,661	989,727	236,934
Purchasing	1,861,155	1,825,874	35,281
Financial Management and Analysis	1,303,610	1,272,458	31,152
Accounting and Financial Services	1,846,022	1,777,572	68,450
Utility Billing	3,459,651	3,259,473	200,178
Audit	44,203	-	44,203
Non-Utility Revenue Management and Special Projects	709,335	696,953	12,382
Citywide Program	-	(28,255)	28,255
Total Finance	<u>10,450,637</u>	<u>9,793,802</u>	<u>656,835</u>
Human Resources			
Human Resources	4,617,834	4,128,516	489,318
Total Human Resources	<u>4,617,834</u>	<u>4,128,516</u>	<u>489,318</u>
Library and Recreation Services			
Library	9,319,564	9,026,052	293,512
Total Library and Community Services	<u>18,058,325</u>	<u>17,064,109</u>	<u>994,216</u>

Continued

CITY OF SUNNYVALE**General Fund Appropriations****Budgetary Comparisons**

June 30, 2022

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
Public Safety			
Fire Services	\$ 29,970,234	\$ 31,560,678	\$ (1,590,444)
Community Safety Services	3,087,239	3,087,529	(290)
Personnel and Training	2,585,572	2,429,222	156,350
Investigation Services	4,485,315	4,577,146	(91,831)
Communication Services	4,340,053	4,462,514	(122,461)
Public Safety Administrative Services	6,214,640	6,167,825	46,815
Records Management and Property Services	2,334,146	2,091,225	242,921
Fire Prevention and Hazardous Material Services	2,308,403	1,896,317	412,086
Police Services	29,040,227	28,231,743	808,484
Total Public Safety	84,365,829	84,504,199	(946,854)
Public Works			
Transportation and Traffic Services	2,982,611	2,796,657	185,954
Pavement and Concrete Maintenance	3,186,111	2,886,851	299,260
Street Lights, Signs and Debris	2,476,536	2,048,925	427,611
Urban Forestry	1,571,837	1,403,392	168,445
Neighborhood Parks and Open Space Management	11,214,331	10,584,698	629,633
Total Public Works	22,152,609	20,450,355	1,702,254
Total Operating Programs	150,378,816	145,567,258	4,811,558
Transfers Out			
Youth and Neighborhood Services Fund	500,688	-	500,688
General Fund Assets	15,465,024	15,465,024	-
Retirement Benefit	20,603,124	20,603,125	(1)
Project Management Services	550,205	484,837	65,368
Pension Trust	1,405,458	1,405,458	-
Insurance and Other Benefits	5,649,615	7,649,614	(2,000,000)
Leaves Benefit	437,653	437,653	-
Fleet Services	480,786	480,786	-
Youth and Neighborhood Services Fund	598,091	598,091	-
Golf and Tennis Operations	1,535,000	1,535,000	-
Property and Liability Insurance Fund	2,582,859	2,582,859	-
2020 Civic Center Lease Revenue Bonds	-	5,055,425	(5,055,425)
Total Transfers Out	49,808,502	56,297,872	(6,489,370)
Parking COP Lease Payments			
Financial Services	6,960	-	6,960
Lease Expenditure - Principal	1,150,000	1,150,000	-
Lease Expenditure - Interest	91,250	91,250	-
Total Lease Payments	1,248,210	1,241,250	6,960
Non-Departmental Expenditures			
Total Non-Departmental RSA Lease Expenditures	1,203,163	-	1,203,163

Continued

CITY OF SUNNYVALE

General Fund Appropriations

Budgetary Comparisons

June 30, 2022

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
Projects			
<i>Infrastructure Projects</i>			
Corporation Yard Buildings - Rehabilitation	\$ 419	\$ 3,250	\$ (2,831)
Computer/Radio Controlled Landscape Median Irrigation	2,194,311	1,337,339	856,972
Storm Pump Station Number 2 Rehabilitation	13,740	11,572	2,168
Pavement Rehabilitation	4,479,655	-	4,479,655
Replacement/Repair/Rehabilitation of Storm Drain	1,343,317	89,821	1,253,496
Routine Resurfacing of City Owned Parking Lots	77,317	-	77,317
Storm Pump Station Number 1 Rehabilitation	-	1	(1)
Pedestrian Lighted Crosswalk Maintenance and Replacement	642,730	191	642,539
Sidewalk, Curb and Gutter Replacement	1,483,713	394,446	1,089,267
Civic Center Modernization	4,708,939	248,875	4,460,063
Upgrading of Fuel Stations	109,265	-	109,265
Pavement Standards	50,000	42,571	7,429
Public Safety Emergency Generator Replacement	3,124,000	131,114	2,992,886
Traffic Signal Maintenance Services Augmentation	646,070	178,426	467,644
Contribution to Our City Forest	15,000	-	15,000
 <i>Outside Group Funding Projects</i>			
Leadership Sunnyvale [GF]	118,857	2,583	116,274
Outside Group Funding Support [GF]	1,210,163	290,077	920,085
Dispute Resolution Services	319,919	45,000	274,919
Iizuka Sister City Engagement Funding	17,362	6,000	11,362
 <i>Capital Projects</i>			
Utility Undergrounding Cost Sharing	1,162,296	-	1,162,296
Underground Overhead Utilities	684,462	25,005	659,457
Solar Installations on City Facilities	27,780	-	27,780
ADA Transition Plan for Infrastructure	300,000	-	300,000
Civic Center Phase 2 Planning - Main Library	-	1,095	(1,095)
Sunnyvale Avenue Median from Iowa Avenue to Washington Avenue	247,925	-	247,925
Storm System Trash Control Devices - General Fund	8,934	-	8,934
RDA Counsel Fees	90,000	2,159	87,841
Green Stormwater Infrastructure Implementation - General Fund	765,200	28,007	737,193
Grade Separation Caltrain Crossings Study Issue	844,245	187,427	656,818
Installation of Charging Stations for Electric Vehicles	38,876	15,809	23,067
Fire Station Master Plan	668,474	25,500	642,974
Active Transportation Plan Update	111,358	-	111,358
Traffic Signal Specifications and Standard Details	70,000	19,228	50,773
Maintenance of 725 Kifer Rd. (SCS Property)	-	32,221	(32,221)
Peery Park Area Transportation Improvements	713,912	8,414	705,498
Sunnyvale Traffic Signal Upgrades	184,210	27,210	157,000
Library LED Lighting Conversion	88,420	-	88,420
Fair Oaks Avenue Bike Lanes and Streetscape - Phase 2	-	8	(8)
East Sunnyvale Area Transportation Improvements	-	462	(462)
Lawrence Station Area Sidewalks and Bicycle Facilities	-	463	(463)
344 Charles Street Renovation	75,000	5,000	70,000
Traffic Sign Installation and Maintenance	70,184	13,218	56,966
Homestead Road Full Time Bicycle Lane Study	150,000	33,266	116,734
Bike Rack Installation Program In Commercial Areas	20,000	331	19,669
 <i>Miscellaneous</i>			
Friends of Library Donations	-	69	(69)

Continued

CITY OF SUNNYVALE

General Fund Appropriations

Budgetary Comparisons

June 30, 2022

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
<i>Special Projects</i>			
City-wide Aerial Photos	\$ 171,455	\$ 8,528	\$ 162,927
Maintenance of City Owned Properties - Downtown	328,936	3,777	325,159
Bicycle Map Revision	91,795	3,571	88,224
Update of Standard Specifications and Details	5,463	-	5,463
239 - 241 Commercial Street Property Maintenance	70,563	9	70,554
Acquiring Control of Caltrans Traffic Signals on El Camino Real	250,000	129,105	120,895
Community Events & Neighborhood Grants	-	41,161	(41,161)
FY21/22 OTS STEP Grant	-	45,682	(45,682)
General Plan Updates	534,564	6,381	528,182
WIOA Youth	-	681	(681)
FY22/23 Recruitment and Training Costs for Sworn Officers	-	3,415	(3,415)
SCVURPPP Contracting and Fiscal Agent - General Fund	136,891	17,720	119,172
FY 17-18 Recruitment and Training for Sworn Officers	-	(150)	150
FY 18-19 Recruitment and Training for Sworn Officers	11,642,547	330,258	11,312,289
FY 19-19 Recruitment and Training for Sworn Officers	1,232	-	1,232
Emergency Medical Dispatch First Responder Incentive Funding	792,808	51,861	740,947
Downtown Association	239,919	28,697	211,222
Council Set Aside	15,124	-	15,124
EMS Patient Care Data System	157,799	57,425	100,373
Comprehensive Update of the Precise Plan for El Camino Real	667,000	83,307	583,693
Climate Action Plan Implementation	1,871,391	61,219	1,810,173
Website Upgrades	559,511	49,383	510,128
Storm System Trash Reduction Programs - General Fund	374,806	-	374,806
Annual State of the City	185,644	18,190	167,455
Engineering Services for Transportation Related Projects/Priorities	2,153,337	390,347	1,762,990
Fire Prevention (Non-HazMat) Technology Project	42,097	314	41,783
Fire Prevention (HazMat) Technology Project	50,582	6,685	43,897
Office of Emergency Services	348,680	55,151	293,529
Safe Routes to School Program	379,027	-	379,027
Silicon Valley Healthy Aging Partnership (SVHAP)	55,518	36,660	18,858
AMD Grant Funds to Columbia Neighborhood Center	21,600	-	21,600
AMD Grant Funds to Columbia Neighborhood Center, Year 2	-	3,970	(3,970)
Economic Development Strategy	112,728	-	112,728
Sunnyvale Elections	1,208,151	72,165	1,135,986
2017 Housing Strategy	200,000	(2,198)	202,198
Lawrence Station Area Plan - Housing and Sense of Place	627,323	47,560	579,763
Orchard Heritage Park and Museum Analysis Study	350,000	-	350,000
Analysis of Sunnyvale Golf Program Subsidy	50,000	-	50,000
DPS – SCCPH Tobacco Decoy Operations	9,310	4,388	4,922
FY 2019/20 Recruitment and Training for Sworn Officers	9,666,561	1,486,250	8,180,311
FY 2020/21 Recruitment and Training for Sworn Officers	7,486,790	2,946,572	4,540,218
FY21/22 Recruitment and Training for Sworn Officers	5,996,880	1,720,743	4,276,137

Continued

CITY OF SUNNYVALE**General Fund Appropriations****Budgetary Comparisons**

June 30, 2022

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
Digital Literacy	313,446	43,279	270,167
DPS Headquarters - Records Unit Workstation Upgrade	33,161	-	33,161
Airplane Noise Monitoring System	245,256	-	245,256
Electronic Records Management System	600,000	137,319	462,681
Organizational Development	60,000	-	60,000
GIS Onetime Support	248,000	34,749	213,251
Utility Billing Reporting Tool	17,848	-	17,848
Evaluation of Right to Lease Ordinance	60,000	1,153	58,847
Responsible Construction Ordinance Study	25,000	-	25,000
Ascertain Suitable Location(s) for the Installation of Youth Cricket Batting Cage:	25,000	11,466	13,534
Green Stormwater Infrastructure Plan Implementation	100,000	14,116	85,885
Bi-Annual Election Services	274,355	-	274,355
Electronic ADA Compliance	25,000	-	25,000
Bi-Annual National Citizen Survey	16,000	-	16,000
DPS Reimbursable Mutual Aid (Out of County)	-	344,389	(344,389)
DPS Police Services Contract Overtime	-	34,797	(34,797)
Sunnyvale COVID 19 Non-Profit Assistance Program	150,000	-	150,000
Cricket Stadium at Baylands Park	200,000	-	200,000
FY 2020/21 SHSGP Training Grant	45,583	-	45,583
FY20/21 DPS OTS Bike/Ped Safety Grant	35,000	2,734	32,266
Sunny Side Up: Sunnyvale Public Library Mobile Kitchen Cart	-	13,040	(13,040)
DPS FY21/22 DOJ COPS Micro Grant	-	14,222	(14,222)
Library Workforce Partnership Initiative	-	14,628	(14,628)
Code Enforcement Activities to Address Substandard Residential Properties	-	49,842	(49,842)
REAP Housing Strategy Implementation	-	10,024	(10,024)
Total Projects	\$ 78,977,082	13,981,386	\$ 64,995,695
Total Appropriations	\$ 288,715,783	217,480,545	\$ 71,235,238

Concluded

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 from City property. Funds are used for programs or projects that increase affordable housing and benefit people with special needs such as senior and disabled citizens.

The ***HOME Grant Fund*** accounts for HOME investment partnership grant funds received from the federal government. Other revenues in this fund include repayments of loans. Funds are used to provide affordable housing for low- and very low-income households.

The ***Low and Moderate Income Housing Asset Fund*** was created pursuant to Health & Safety Code Section 34176(d). This Fund is administered by the Housing Successor. The City elected to retain the affordable housing assets and functions previously performed by the RDA by serving as the Housing Successor.

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

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 special assessments 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 ***Road Maintenance and Rehabilitation Account Fund*** accounts for new tax revenues apportioned from the State under the new Road Repair and Accountability Act of 2017 (SB1). The allocations must be used in the local street and road system.

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.

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Nonmajor Governmental Funds

The ***VRF Local Road Improvement Program Fund*** accounts for the use of Measure B vehicle registration fees which are allocated on a population basis to cities in Santa Clara County for local transportation improvements.

The ***2016 Measure B Santa Clara VTA Fund*** accounts for the use of 2016 Measure B half-cent countywide sales tax to enhance transit, highways, expressways and active transportation.

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

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 nonmajor debt service fund in this report is listed below:

The ***Civic Center Lease Revenue Bonds Fund*** is used to accumulate resources for the repayment of the 2020 Lease Revenue Bonds that financed a large portion of the construction of the Civic Center.

CITY OF SUNNYVALE**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022**

	Special Revenue			
	Community Development Block Grant	HOME Grant	Low and Moderate Income Housing Asset	Asset Forfeiture
Assets:				
Deposits and Investments Held by City	\$ 147,702	\$ 873,278	\$ 6,098,595	\$ 56,672
Receivables	881,906	365,021	21,219	180
Intergovernmental Receivables	-	-	-	-
Inventories and Prepayments	-	-	-	-
Housing Loans Receivable	12,724,541	12,875,750	-	-
Total Assets	\$ 13,754,149	\$ 14,114,049	\$ 6,119,814	\$ 56,852
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 183,749	\$ 87,583	\$ 36,694	\$ -
Due to Other Funds	675,803	-	-	-
Total Liabilities	859,552	87,583	36,694	-
Deferred Inflows of Resources	3,781,296	3,088,145	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	9,113,301	10,938,321	6,083,120	56,852
Unassigned	-	-	-	-
Total Fund Balances	9,113,301	10,938,321	6,083,120	56,852
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,754,149	\$ 14,114,049	\$ 6,119,814	\$ 56,852

Continued

Special Revenue

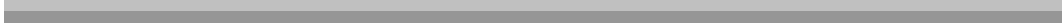
Police Services Augmentation	Parking District	Gas Tax	Road Maintenance and Rehabilitation Account	Transportation Development Act
\$ 329,339	\$ 861,804	\$ 8,011,102	\$ 6,379,957	\$ -
1,271	5,003	31,804	20,655	-
153,816	165	289,038	542,528	23,178
-	-	-	-	70,928
-	-	-	-	-
<u>\$ 484,426</u>	<u>\$ 866,972</u>	<u>\$ 8,331,944</u>	<u>\$ 6,943,140</u>	<u>\$ 94,106</u>
\$ 17,200	\$ 1,125	\$ 27,008	\$ 10,641	\$ 27
-	-	-	-	89,650
17,200	1,125	27,008	10,641	89,677
153,816	-	-	-	-
-	-	-	-	-
313,410	865,847	8,304,936	6,932,499	4,429
-	-	-	-	-
313,410	865,847	8,304,936	6,932,499	4,429
<u>\$ 484,426</u>	<u>\$ 866,972</u>	<u>\$ 8,331,944</u>	<u>\$ 6,943,140</u>	<u>\$ 94,106</u>

Continued

CITY OF SUNNYVALE**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022**

	Special Revenue		
	VRF Local Road Improvement Program	2016 Measure B Santa Clara VTA	Employment Development
Assets:			
Deposits and Investments Held by City	\$ 3,309,959	\$ -	\$ -
Receivables	10,294	-	-
Intergovernmental Receivables	-	676,345	1,298,888
Inventories and Prepayments	-	-	-
Housing Loans Receivable	-	-	-
Total Assets	\$ 3,320,253	\$ 676,345	\$ 1,298,888
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 4,469	\$ 657,842	\$ 297,298
Due to Other Funds	-	18,503	979,063
Total Liabilities	4,469	676,345	1,276,361
Deferred Inflows of Resources	-	676,345	-
Fund Balances:			
Nonspendable	-	-	-
Restricted	3,315,784	-	22,527
Unassigned	-	(676,345)	-
Total Fund Balances	3,315,784	(676,345)	22,527
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 3,320,253	\$ 676,345	\$ 1,298,888

Continued



<u>Permanent</u>		<u>Debt Sevice</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Swirsky Youth Opportunity</u>	<u>Fremont Pool</u>	<u>Civic Center Lease Revenue Bonds</u>		
\$ 549,947	\$ 1,070,671	\$ -	\$ 27,689,026	
2,069	4,028	-	1,343,450	
-	-	-	2,983,958	
-	-	-	70,928	
-	-	-	25,600,291	
<u>\$ 552,016</u>	<u>\$ 1,074,699</u>	<u>\$ -</u>	<u>\$ 57,687,653</u>	
\$ -	\$ -	\$ -	\$ 1,323,636	
-	-	-	1,763,019	
-	-	-	3,086,655	
-	-	-	7,699,602	
552,016	1,074,699	-	1,626,715	
-	-	-	45,951,026	
-	-	-	(676,345)	
<u>552,016</u>	<u>1,074,699</u>	<u>-</u>	<u>46,901,396</u>	
<u>\$ 552,016</u>	<u>\$ 1,074,699</u>	<u>\$ -</u>	<u>\$ 57,687,653</u>	

Concluded

CITY OF SUNNYVALE

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2022**

	Special Revenue			
	Community Development Block Grant	HOME Grant	Low and Moderate Income Housing Asset	Asset Forfeiture
Revenues:				
Intergovernmental Revenues	\$ 1,963,428	\$ 991,908	\$ -	\$ -
Service Fees	-	-	-	-
Investment Earnings	-	23,633	(251,225)	(931)
Other Revenues	54,143	252,514	-	-
Total Revenues	2,017,571	1,268,055	(251,225)	(931)
Expenditures:				
Current:				
Public Safety	-	-	-	18,273
Community Development	1,913,474	1,202,623	304,306	-
Public Works	-	-	-	-
NOVA Workforce Services	-	-	-	-
Capital Outlay	231,944	-	-	-
Debt Service:				
Interest	-	-	-	-
Total Expenditures	2,145,418	1,202,623	304,306	18,273
Excess of Revenues Over (Under) Expenditures	(127,847)	65,432	(555,531)	(19,204)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	(1,000,000)	-
Total Other Financing Sources (Uses)	-	-	(1,000,000)	-
Net Change in Fund Balances	(127,847)	65,432	(1,555,531)	(19,204)
Fund Balances, Beginning of Year	9,241,148	10,872,889	7,638,651	76,056
Fund Balances - End of Year	\$ 9,113,301	\$ 10,938,321	\$ 6,083,120	\$ 56,852

Continued

Special Revenue

Police Services Augmentation	Parking District	Gas Tax	Road Maintenance and Rehabilitation Account	Transportation Development Act
\$ 381,356	\$ -	\$ 3,608,091	\$ 3,109,281	\$ 62,947
-	183,106	-	-	-
(13,277)	(35,381)	(744,791)	92,569	-
-	7,315	-	-	-
<u>368,079</u>	<u>155,040</u>	<u>2,863,300</u>	<u>3,201,850</u>	<u>62,947</u>
324,361	-	-	-	-
-	-	-	-	-
-	131,692	1,064,216	-	-
-	-	-	-	-
-	269	360,786	696,183	58,518
-	-	-	-	-
<u>324,361</u>	<u>131,961</u>	<u>1,425,002</u>	<u>696,183</u>	<u>58,518</u>
<u>43,718</u>	<u>23,079</u>	<u>1,438,298</u>	<u>2,505,667</u>	<u>4,429</u>
-	-	192,403	-	-
-	-	(341,634)	-	-
-	-	(149,231)	-	-
<u>43,718</u>	<u>23,079</u>	<u>1,289,067</u>	<u>2,505,667</u>	<u>4,429</u>
<u>269,692</u>	<u>842,768</u>	<u>7,015,869</u>	<u>4,426,832</u>	<u>-</u>
<u>\$ 313,410</u>	<u>\$ 865,847</u>	<u>\$ 8,304,936</u>	<u>\$ 6,932,499</u>	<u>\$ 4,429</u>

Continued

CITY OF SUNNYVALE

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2022**

	Special Revenue		
	VRF Local Road Improvement Program	2016 Measure B Santa Clara VTA	Employment Development
Revenues:			
Intergovernmental Revenues	\$ 940,317	\$ 1,874,549	8,480,645
Service Fees	-	-	-
Investment Earnings	46,014	-	-
Other Revenues	-	-	17,764
Total Revenues	986,331	1,874,549	8,498,409
Expenditures:			
Current:			
Public Safety	-	-	-
Community Development	-	-	-
Public Works	-	21,848	-
NOVA Workforce Services	-	-	8,603,380
Capital Outlay	50,399	1,779,387	-
Debt Service:			
Interest	-	-	-
Total Expenditures	50,399	1,801,235	8,603,380
Excess of Revenues Over (Under) Expenditures	935,932	73,314	(104,971)
Other Financing Sources (Uses):			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	935,932	73,314	(104,971)
Fund Balances, Beginning of Year	2,379,852	(749,659)	127,498
Fund Balances - End of Year	\$ 3,315,784	\$ (676,345)	\$ 22,527

Continued

Permanent		Debt Service		Total Nonmajor Governmental Funds
Swirsky Youth Opportunity	Fremont Pool	Civic Center Lease Revenue Bonds		
\$ -	\$ -	\$ -	\$	21,412,522
-	-	-		183,106
9,252	18,009	-		(856,128)
-	1,126	-		332,862
<u>9,252</u>	<u>19,135</u>	<u>-</u>		<u>21,072,362</u>
-	-	-		342,634
-	-	-		3,420,403
-	-	-		1,217,756
-	-	-		8,603,380
-	-	-		3,177,486
-	-	5,055,425		5,055,425
-	-	5,055,425		21,817,084
<u>9,252</u>	<u>19,135</u>	<u>(5,055,425)</u>		<u>(744,722)</u>
-	-	5,055,425		5,247,828
<u>(9,252)</u>	<u>(18,009)</u>	<u>-</u>		<u>(1,368,895)</u>
<u>(9,252)</u>	<u>(18,009)</u>	<u>5,055,425</u>		<u>3,878,933</u>
-	1,126	-		3,134,211
<u>552,016</u>	<u>1,073,573</u>	<u>-</u>		<u>43,767,185</u>
<u>\$ 552,016</u>	<u>\$ 1,074,699</u>	<u>\$ -</u>	<u>\$</u>	<u>46,901,396</u>

Concluded

CITY OF SUNNYVALE

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2022**

	Community Development Block Grant			HOME Grant		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
Revenues:						
Intergovernmental Revenues	\$ 2,988,806	\$ 1,963,428	\$ (1,025,378)	\$ 1,879,477	\$ 991,908	\$ (887,569)
Service Fees	-	-	-	-	-	-
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	-	-	-	35,398	23,633	(11,765)
Other Revenues	229,197	54,143	(175,054)	-	252,514	252,514
Total Revenues	3,218,003	2,017,571	(1,200,432)	1,914,875	1,268,055	(646,820)
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	124,831	-	124,831	5,939	-	5,939
Public Works	-	-	-	-	-	-
Library and Recreation Services	-	-	-	-	-	-
NOVA Workforce Services	-	-	-	-	-	-
Capital Outlay and Special Projects	2,653,257	2,145,418	507,839	1,362,380	1,202,623	159,757
Total Expenditures	2,778,088	2,145,418	632,670	1,368,319	1,202,623	165,696
Excess of Revenues Over (Under) Expenditures	439,915	(127,847)	(567,762)	546,556	65,432	(481,124)
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	(81,688)	-	81,688	(21,006)	-	21,006
Total Other Financing Sources (Uses)	(81,688)	-	81,688	(21,006)	-	21,006
Net Change in Fund Balances	\$ 358,227	(127,847)	\$ (486,074)	\$ 525,550	65,432	\$ (460,118)
Fund Balances - Beginning of Year		9,241,148			10,872,889	
Fund Balances - End of Year		\$ 9,113,301			\$ 10,938,321	

Continued

Low and Moderate Income								
Housing Asset			Asset Forfeiture			Police Services Augmentation		
Budget	Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 235,657	\$ 381,356	\$ 145,699
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
104,019	(251,225)	(355,244)	451	(931)	(1,382)	6,471	(13,277)	(19,748)
3,589,301	-	(3,589,301)	-	-	-	-	-	-
3,693,320	(251,225)	(3,944,545)	451	(931)	(1,382)	242,128	368,079	125,951
-	-	-	-	1,668	(1,668)	324,389	324,361	28
44,275	54,306	(230,134)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	250,000	(250,000)	33,339	16,606	16,733	-	-	-
44,275	304,306	(480,134)	33,339	18,274	15,065	324,389	324,361	28
3,649,045	(555,531)	(3,464,411)	(32,888)	(19,205)	13,683	(82,261)	43,718	125,979
-	-	-	-	-	-	-	-	-
(1,014,896)	(1,000,000)	14,896	-	-	-	-	-	-
(1,014,896)	(1,000,000)	14,896	-	-	-	-	-	-
\$ 2,634,149	(1,555,531)	\$ (3,449,515)	\$ (32,888)	(19,205)	\$ 13,683	\$ (82,261)	43,718	\$ 125,979
	7,638,651			76,056			269,692	
	\$ 6,083,120			\$ 56,851			\$ 313,410	

Continued

CITY OF SUNNYVALE

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2022**

	Parking District			Gas Tax		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
Revenues:						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 3,990,412	\$ 3,608,091	\$ (382,321)
Service Fees	180,465	183,106	2,641	-	-	-
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	17,747	(35,381)	(53,128)	100,106	(744,791)	(844,897)
Other Revenues	43,200	7,315	(35,885)	-	-	-
Total Revenues	241,412	155,040	(86,372)	4,090,518	2,863,300	(1,227,218)
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	152,749	131,692	21,057	1,500,000	1,064,216	435,784
Library and Recreation Services	-	-	-	-	-	-
NOVA Workforce Services	-	-	-	-	-	-
Capital Outlay and Special Projects	4,749	270	4,479	7,524,142	360,786	7,163,356
Total Expenditures	157,498	131,962	25,536	9,024,142	1,425,002	7,599,140
Excess of Revenues Over (Under) Expenditures	83,914	23,078	(60,836)	(4,933,624)	1,438,298	6,371,922
Other Financing Sources (Uses):						
Transfers In	-	-	-	192,403	192,403	-
Transfers Out	(40,697)	-	40,697	(388,677)	(341,634)	47,043
Total Other Financing Sources (Uses)	(40,697)	-	40,697	(196,274)	(149,231)	47,043
Net Change in Fund Balances	\$ 43,217	23,078	\$ (20,139)	\$ (5,129,898)	1,289,067	\$ 6,418,965
Fund Balances - Beginning of Year		842,768			7,015,869	
Fund Balances - End of Year		\$ 865,846			\$ 8,304,936	

Continued

Road Maintenance and Rehabilitation			Transportation Development Act			VRF Local Road Improvement Program		
Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
\$ 3,186,142	\$ 3,109,281	\$ (76,861)	\$ 341,430	\$ 62,947	\$ (278,483)	\$ 940,317	\$ 940,317	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
75,160	92,569	17,409	-	-	-	20,737	46,014	25,277
-	-	-	-	-	-	-	-	-
<u>3,261,302</u>	<u>3,201,850</u>	<u>(59,452)</u>	<u>341,430</u>	<u>62,947</u>	<u>(278,483)</u>	<u>961,054</u>	<u>986,331</u>	<u>25,277</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
5,991,788	696,183	5,295,605	593,876	58,518	535,358	3,621,098	50,399	3,570,699
<u>5,991,788</u>	<u>696,183</u>	<u>5,295,605</u>	<u>593,876</u>	<u>58,518</u>	<u>535,358</u>	<u>3,621,098</u>	<u>50,399</u>	<u>3,570,699</u>
<u>(2,730,486)</u>	<u>2,505,667</u>	<u>5,236,153</u>	<u>(252,446)</u>	<u>4,429</u>	<u>256,875</u>	<u>(2,660,044)</u>	<u>935,932</u>	<u>3,595,976</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>\$ (2,730,486)</u>	<u>2,505,667</u>	<u>\$ 5,236,153</u>	<u>\$ (252,446)</u>	<u>4,429</u>	<u>\$ 256,875</u>	<u>\$ (2,660,044)</u>	<u>935,932</u>	<u>\$ 3,595,976</u>
	<u>4,426,832</u>			<u>-</u>			<u>2,379,852</u>	
	<u>\$ 6,932,499</u>			<u>\$ 4,429</u>			<u>\$ 3,315,784</u>	

Continued

CITY OF SUNNYVALE

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2022**

	2016 Measure B Santa Clara VTA			Employment Development		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
Revenues:						
Intergovernmental Revenues	\$ 7,794,522	\$ 1,874,549	\$ (5,919,973)	\$ 10,500,000	\$ 8,480,645	\$ (2,019,355)
Service Fees	-	-	-	-	-	-
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-
Other Revenues	-	-	-	-	17,764	17,764
Total Revenues	7,794,522	1,874,549	(5,919,973)	10,500,000	8,498,409	(2,001,591)
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	21,848	(21,848)	-	-	-
Library and Recreation Services	-	-	-	-	-	-
NOVA Workforce Services	-	-	-	385,088	69,480	315,608
Capital Outlay and Special Projects	6,900,476	1,779,387	5,121,089	10,290,166	8,533,900	1,756,266
Total Expenditures	6,900,476	1,801,235	5,099,241	10,675,254	8,603,380	2,071,874
Excess of Revenues Over (Under) Expenditures	894,046	73,314	(820,732)	(175,254)	(104,971)	70,283
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	(1,928,111)	-	1,928,111
Total Other Financing Sources (Uses)	-	-	-	(1,928,111)	-	1,928,111
Net Change in Fund Balances	\$ 894,046	73,314	\$ (820,732)	\$ (2,103,365)	(104,971)	\$ 1,998,394
Fund Balances - Beginning of Year		(749,659)			127,498	
Fund Balances - End of Year		\$ (676,345)			\$ 22,527	

Continued



Youth And Neighborhood Services Fund**

<u>Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
\$ 185,987	\$ 317,468	\$ 131,481
16,506	(3,591)	(20,097)
52,374	69,889	17,515
10,204	8,487	(1,717)
985	500	(485)
<u>266,056</u>	<u>392,753</u>	<u>126,697</u>
-	-	-
-	-	-
-	-	-
694,272	870,973	(176,701)
-	-	-
<u>35,301</u>	<u>33,610</u>	<u>1,691</u>
<u>729,573</u>	<u>904,583</u>	<u>(175,010)</u>
<u>(463,517)</u>	<u>(511,830)</u>	<u>(48,313)</u>
598,091	598,091	-
(116,697)	-	116,697
<u>481,394</u>	<u>598,091</u>	<u>116,697</u>
<u>\$ 17,877</u>	<u>86,261</u>	<u>\$ 68,384</u>
	<u>(99,099)</u>	
	<u>\$ (12,838)</u>	

Concluded

** Youth And Neighborhood Services Fund is reported as part of General Fund on GAAP basis.

CITY OF SUNNYVALE

**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Debt Service Fund
Year Ended June 30, 2022**

	Civic Center Lease Revenue Bonds		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
Expenditures:			
Interest	\$ -	\$ 5,055,425	\$ (5,055,425)
Other Financing Sources:			
Transfers in	-	5,055,425	(5,055,425)
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning of Year		-	
Fund Balances - End of Year		\$ -	

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Permanent Funds
Year Ended June 30, 2022**

	<u>Swirsky Youth Opportunity</u>			<u>Fremont Pool</u>		
	<u>Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance Positive (Negative)</u>
Revenues:						
Investment Earnings	\$ 11,040	\$ 9,252	\$ (1,788)	\$ 21,471	\$ 18,009	\$ (3,462)
Other revenues	-	-	-	-	1,126	1,126
Total Revenues	<u>11,040</u>	<u>9,252</u>	<u>(1,788)</u>	<u>21,471</u>	<u>19,135</u>	<u>1,126</u>
Other Financing Sources (Uses):						
Transfers Out	<u>(11,040)</u>	<u>(9,252)</u>	<u>1,788</u>	<u>(21,471)</u>	<u>(18,009)</u>	<u>3,462</u>
Total Other Financing Sources (Uses)	<u>(11,040)</u>	<u>(9,252)</u>	<u>1,788</u>	<u>(21,471)</u>	<u>(18,009)</u>	<u>3,462</u>
Change in Fund Balances	-	-	-	-	1,126	4,588
Net Change in Fund Balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	1,126	<u>\$ 4,588</u>
Fund Balances - Beginning of Year		<u>552,016</u>			<u>1,073,573</u>	
Fund Balances - End of Year		<u>\$ 552,016</u>			<u>\$ 1,074,699</u>	

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

The ***Property and Liability Insurance Fund*** accounts for charges to City departments for property and liability insurance on a cost reimbursement basis.

**Combining Statement of Net Position
All Internal Service Funds
June 30, 2022**

	<u>General Services</u>	<u>Employee Payroll & Benefits</u>	<u>Property and Liability Insurance</u>	<u>Totals</u>
Assets:				
Current Assets:				
Deposits and Investments Held by City	\$ 20,327,806	\$ 33,466,772	\$ 1,064,717	\$ 54,859,295
Receivables	210,379	174,183	7,364	391,926
Inventories and Prepaid Items	1,386,536	211,654	-	1,598,190
Restricted Assets:				
Deposits and Investments Held by Fiscal Agent and Trustee	-	10,207,377	-	10,207,377
Total Current Assets	<u>21,924,721</u>	<u>44,059,986</u>	<u>1,072,081</u>	<u>67,056,788</u>
Capital Assets:				
Receivables from Employes (Note 6)	-	3,228,221	-	3,228,221
Land & Nondepreciable Assets	14,843,822	-	-	14,843,822
Depreciable Buildings, Property, Equipment and Infrastructure, Net	17,761,939	-	-	17,761,939
Total Assets	<u>54,530,482</u>	<u>47,288,207</u>	<u>1,072,081</u>	<u>102,890,770</u>
Deferred Outflows of Resources	<u>4,827,697</u>	<u>-</u>	<u>29,145</u>	<u>4,856,842</u>
Liabilities:				
Current Liabilities:				
Wages Payable	-	2,012,736	-	2,012,736
Accounts Payable and Accrued Liabilities	1,364,467	199,168	17,018	1,580,653
Refundable Deposits	8,518	-	-	8,518
Claims and Judgments Payable - Due Within One Year	-	4,697,580	871,350	5,568,930
Compensated Absences Payable - Due Within One Year	-	13,455,664	-	13,455,664
Total Current Liabilities	<u>1,372,985</u>	<u>20,365,148</u>	<u>888,368</u>	<u>22,626,501</u>
Noncurrent Liabilities:				
Claims and Judgments Payable- Due in More than One Year	-	14,812,420	2,486,650	17,299,070
Compensated Absences Payable - Due in More than One Year	-	7,240,869	-	7,240,869
Net Pension Liability	13,400,663	-	194,845	13,595,508
Net OPEB Liability	2,078,215	-	36,915	2,115,130
Total Noncurrent Liabilities	<u>15,478,878</u>	<u>22,053,289</u>	<u>2,718,410</u>	<u>40,250,577</u>
Total Liabilities	<u>16,851,863</u>	<u>42,418,437</u>	<u>3,606,778</u>	<u>62,877,078</u>
Deferred Inflows of Resources	<u>9,393,949</u>	<u>-</u>	<u>41,570</u>	<u>9,435,519</u>
Net Position				
Net Investment in Capital Assets	32,605,761	-	-	32,605,761
Unrestricted	506,606	4,869,770	(2,547,122)	2,829,254
Net Position	<u>\$ 33,112,367</u>	<u>\$ 4,869,770</u>	<u>\$ (2,547,122)</u>	<u>\$ 35,435,015</u>

**Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
June 30, 2022**

	General Services	Employee Payroll & Benefits	Property and Liability Insurance	Totals
Operating Revenues:				
Charges for Services	\$ 27,693,492	\$ 106,655,471	\$ 3,270,071	\$ 137,619,034
Operating Expenses:				
Personnel Services	11,271,778	24,229,347	80,317	35,581,442
Contractual Services	7,915,057	4,409	105,000	8,024,466
Material and Supplies	3,602,820	-	2,269	3,605,089
Utilities	2,241,662	-	-	2,241,662
Equipment and Building Rental	2,055,835	-	-	2,055,835
Insurance Premiums and Claims	-	29,867,094	3,618,182	33,485,276
Retirement Premiums	-	51,132,329	-	51,132,329
Other Operating Expenses	519,162	-	280	519,442
Depreciation	2,467,779	-	-	2,467,779
Total Operating Expenses	30,074,093	105,233,179	3,806,048	139,113,320
Operating Income (Loss)	(2,380,601)	1,422,292	(535,977)	(1,494,286)
Nonoperating Revenues:				
Investment Earnings (Loss)	(809,674)	(3,130,035)	34,285	(3,905,424)
Income (Loss) before Transfers	(3,190,275)	(1,707,743)	(501,692)	(5,399,710)
Transfers In	7,420,362	-	-	7,420,362
Transfers Out	-	(2,148,015)	-	(2,148,015)
Change in Net Position	4,230,087	(3,855,758)	(501,692)	(127,363)
Net Position (Deficit) - Beginning of Year	28,882,280	8,725,528	(2,045,430)	35,562,378
Net Position (Deficit) - End of Year	\$ 33,112,367	\$ 4,869,770	\$ (2,547,122)	\$ 35,435,015

CITY OF SUNNYVALE

**Combining Statement of Cash Flows
All Internal Service Funds
Year Ended June 30, 2022**

	<u>General Services</u>	<u>Employee Payroll & Benefits</u>	<u>Property and Liability Insurance</u>	<u>Totals</u>
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 1,206,669	\$ 1,008,429	\$ -	\$ 2,215,098
Cash Received for Interfund Services Provided	26,444,594	106,363,206	3,270,901	136,078,701
Cash Payments to Suppliers of Goods and Services	(16,568,584)	(51,131,940)	(169,747)	(67,870,271)
Cash Payments for Employee Services	(14,855,509)	(27,503,684)	(104,804)	(42,463,997)
Insurance and Claims Paid	-	(29,223,094)	(3,627,182)	(32,850,276)
Net Cash Provided by (Used for) Operating Activities	<u>(3,772,830)</u>	<u>(487,083)</u>	<u>(630,832)</u>	<u>(4,890,745)</u>
Cash Flows from Noncapital Financing Activities:				
Transfers In	7,420,362	-	-	7,420,362
Transfers Out	-	(2,148,015)	-	(2,148,015)
Net Cash Provided by Noncapital Financing Activities	<u>7,420,362</u>	<u>(2,148,015)</u>	<u>-</u>	<u>5,272,347</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(5,077,729)	-	-	(5,077,729)
Cash Flows from Investing Activities:				
Interest (Loss) on Investments	(809,674)	(3,130,035)	34,285	(3,905,424)
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(2,239,871)</u>	<u>(5,765,133)</u>	<u>(596,547)</u>	<u>(8,601,551)</u>
Cash and Cash Equivalents - Beginning of Year	<u>22,567,677</u>	<u>49,439,282</u>	<u>1,661,264</u>	<u>73,668,223</u>
Cash and Cash Equivalents - End of Year	<u>\$ 20,327,806</u>	<u>\$ 43,674,149</u>	<u>\$ 1,064,717</u>	<u>\$ 65,066,672</u>
Reconciliation to Statement of Net Position:				
Cash and Investments Held by City	\$ 20,327,806	\$ 33,466,772	\$ 1,064,717	\$ 54,859,295
Cash and Investments Held by Fiscal Agent and Trustee	-	10,207,377	-	10,207,377
Total Cash and Investments	<u>\$ 20,327,806</u>	<u>\$ 43,674,149</u>	<u>\$ 1,064,717</u>	<u>\$ 65,066,672</u>

Continued

CITY OF SUNNYVALE

**Combining Statement of Cash Flows
All Internal Service Funds
Year Ended June 30, 2022**

	<u>General Services</u>	<u>Employee Payroll & Benefits</u>	<u>General Services</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (2,380,601)	\$ 1,422,292	\$ (535,977)	\$ (1,494,286)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	2,467,779	-	-	2,467,779
Loss on Disposal of Capital Assets	342,843	-	-	342,843
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:				
Receivables	(42,229)	716,164	830	674,765
Inventories and Prepayments	(788,367)	6,590	-	(781,777)
Refundable Deposits	(1,650)	-	-	(1,650)
Accounts Payable and Accrued Liabilities	213,126	(1,792)	(62,198)	149,136
Wages Payable	-	(2,683,461)	-	(2,683,461)
Claims and Judgments Payable	-	644,000	(9,000)	635,000
Compensated Absences Payable	-	(319,685)	-	(319,685)
Deferred Outflows Related to Pensions and OPEB	234,370	440,550	185	675,105
Deferred Inflows Related to Pensions and OPEB	7,899,825	(156,555)	23,979	7,767,249
Net Pension Liability	(9,338,748)	(567,095)	(38,806)	(9,944,649)
Net OPEB Liability	(2,379,178)	11,909	(9,845)	(2,377,114)
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (3,772,830)</u></u>	<u><u>\$ (487,083)</u></u>	<u><u>\$ (630,832)</u></u>	<u><u>\$ (4,890,745)</u></u>

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Fiduciary Fund Financial Statements

Private Purpose Trust Funds:

Redevelopment Successor Agency Trust Fund is used to report resources held and administered under trust or similar arrangement for the benefits of individuals, private organizations or other governments. The City elected to serve as the Redevelopment Successor Agency (RSA) of the former Redevelopment Agency. The RSA is controlled by the Oversight Board whose members represent various taxing entities of the Town Center Redevelopment Project area.

CFD 3 Estates at Sunnyvale Trust Fund is used to report resources held and administered for the Community Facility District (CFD) No. 3 (Estates at Sunnyvale).

Custodial Funds:

The ***Community Facilities District No. 1 Fund*** accounts for the collection of property taxes and the payments to bondholders of Community Facilities District Special Tax Bonds.

The ***Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP) Fund*** accounts for the collection of annual member assessments and payments to cover the cost of programmatic activities related to implementing the National Pollution Discharge Elimination System (NPDES) permit issued to the cities in Santa Clara County and the Santa Clara Valley Water District that discharge storm water to the San Francisco Bay.

The ***NOVAworks Foundation Fund*** accounts for the funds contributed by donation funding to establish a separate public agency, pursuing innovative research and implementation opportunities that promote economic well-being and equity for workers and complements the workforce development mission of NOVAworks.

**Combining Statement of Fiduciary Net Position
Fiduciary Funds - Private-Purpose Trust Funds
June 30, 2022**

	CFD No. 3 (Estates at Sunnyvale) Private-Purpose Trust Fund	Redevelopment Successor Agency Private-Purpose Trust Fund	Total Private-Purpose Trust Funds
Assets:			
Deposits and Investments in City Treasury Pool	\$ 124,574	\$ 5,755	\$ 130,329
Deposits and Investments not in City Treasury Pool	-	346,693	346,693
Deposits and Investments Held by Fiscal Agent	-	646,956	646,956
Receivables	490	11,174,527	11,175,017
Capital Assets:			
Land and Nondepreciable Assets	-	13,959,752	13,959,752
Total Assets	<u>125,064</u>	<u>26,133,683</u>	<u>26,258,747</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	-	969	969
Accrued Interest Payable	-	10,969	10,969
Long-term Obligations :			
Due Within One Year	-	655,000	655,000
Due in More Than One Year	-	37,669,005	37,669,005
Total Liabilities	<u>-</u>	<u>38,335,943</u>	<u>38,335,943</u>
Net Position:			
Held in Trust for Private Purpose	<u>\$ 125,064</u>	<u>\$ (12,202,260)</u>	<u>\$ (12,077,196)</u>

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private-Purpose Trust Funds
Year Ended June 30, 2022**

	CFD No. 3 (Estates at Sunnyvale) Private-Purpose Trust Fund	Redevelopment Successor Agency Private-Purpose Trust Fund	Total Private-Purpose Trust Funds
Additions:			
Special Tax Collected	\$ 28,089	\$ -	\$ 28,089
Receipt from County Redevelopment Property Tax Trust Fund	-	103,162	103,162
Investment Earnings	1,943	11,446	13,389
Total Additions	<u>30,032</u>	<u>114,608</u>	<u>144,640</u>
Deductions:			
Projects Management	21,263	2,097	23,360
City Loan Interest Added to Loan Principal	-	800,716	800,716
Debt Services Payments	-	28,425	28,425
Fiscal Agent Trustee Fees	-	3,053	3,053
Administrative Expenses	-	71,809	71,809
Total Deductions	<u>21,263</u>	<u>906,100</u>	<u>927,363</u>
Change in Net Position	8,769	(791,492)	(782,723)
Net Position, Beginning of Year	<u>116,295</u>	<u>(11,410,768)</u>	<u>(11,294,473)</u>
Net Position, End of Year	<u>\$ 125,064</u>	<u>\$ (12,202,260)</u>	<u>\$ (12,077,196)</u>

**Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2022**

	<u>CFD No. 1 (Community Facilities District No. 1)</u>	<u>SCVURPPP (Santa Clara Valley Urban Runoff Pollution Prevention Program)</u>	<u>NOVAworks Foundation</u>	<u>Total Custodial Funds</u>
Assets:				
Deposits and Investments in City Treasury Pool	\$ 1,742,980	\$ -	\$ -	\$ 1,742,980
Deposits and Investments not in City Treasury Pool	-	1,820,779	1,121,630	2,942,409
Deposits and Investments Held by Fiscal Agent	2,226,063	-	-	2,226,063
Receivables	<u>52,252</u>	<u>-</u>	<u>-</u>	<u>52,252</u>
Total Assets	<u>4,021,295</u>	<u>1,820,779</u>	<u>1,121,630</u>	<u>6,963,704</u>
Net Position:				
Held for other agencies	<u>\$ 4,021,295</u>	<u>\$ 1,820,779</u>	<u>\$ 1,121,630</u>	<u>\$ 6,963,704</u>

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
Year Ended June 30, 2022**

	CFD No. 1 (Community Facilities District No. 1)	SCVURPPP (Santa Clara Valley Urban Runoff Pollution Prevention Program)	NOVAworks Foundation	Total Custodial Funds
Additions:				
Special Tax Collected	\$ 1,643,149	\$ -	\$ -	\$ 1,643,149
Contributions from Participating Government Agencies	-	4,622,108	-	4,622,108
Contributions from Non-Government Agencies	-	-	875,100	875,100
Private Donations	-	-	11,534	11,534
Investment Earnings	105,232	-	-	105,232
Total Additions	<u>1,748,381</u>	<u>4,622,108</u>	<u>886,634</u>	<u>7,257,123</u>
Deductions:				
Debt Services Payments	1,704,437	-	-	1,704,437
Program Expenses	-	225,151	-	225,151
Agreements, Fees and Monitoring	-	4,464,699	-	4,464,699
Administrative Expenses	8,150	-	15,550	23,700
Total Deductions	<u>1,712,587</u>	<u>4,689,850</u>	<u>15,550</u>	<u>6,417,987</u>
Change in Net Position	35,794	(67,742)	871,084	839,136
Net Position:				
Beginning of Year	<u>3,985,501</u>	<u>1,888,521</u>	<u>250,546</u>	<u>6,124,568</u>
End of Year	<u>\$ 4,021,295</u>	<u>\$ 1,820,779</u>	<u>\$ 1,121,630</u>	<u>\$ 6,963,704</u>

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Statistical Section (Unaudited)

This portion of the City of Sunnyvale's annual comprehensive 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.

Contents	Page
<i>Financial Trends</i>	
These schedules contain trend information to help the reader understand how the City's financial performance and fiscal well being have changed over time.	209-215
<i>Revenue Capacity</i>	
These schedules present information to assist the reader in assessing the City's most significant local revenue source, the property tax.	216-220
<i>Debt Capacity</i>	
These schedules present 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.	221-224
<i>Demographic and Economic Information</i>	
These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	225-227
<i>Operating Information</i>	
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.	228-229

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CITY OF SUNNYVALE

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities										
Net Investment in Capital Assets	\$ 681,963	\$ 578,405	\$ 528,996	\$ 478,865	\$ 471,295	\$ 459,015	\$ 453,364	\$ 435,271	\$ 426,044	\$ 420,326
Restricted	374,668	329,084	347,627	316,350	288,199	232,876	189,436	153,631	145,874	133,414
Unrestricted ²	(38,065)	(104,838)	(81,803)	(59,819)	(109,823)	(4,091)	(13,422)	(46,498)	204,836	195,897
Total Governmental Activities Net Position	\$ 1,018,566	\$ 802,651	\$ 794,820	\$ 735,396	\$ 649,671	\$ 687,800	\$ 629,378	\$ 542,404	\$ 776,754	\$ 749,637
Business-type activities										
Net Investment in Capital Assets	\$ 175,054	\$ 161,882	\$ 159,176	\$ 153,121	\$ 133,615	\$ 116,934	\$ 101,526	\$ 90,914	\$ 77,389	\$ 80,828
Restricted	5,271	5,271	5,271	5,271	5,271	5,271	-	-	-	-
Unrestricted ²	204,463	154,804	130,935	75,471	31,693	6,185	(2,906)	(16,659)	12,068	(3,449)
Total Business-Type Activities Net Position	\$ 384,788	\$ 321,957	\$ 295,382	\$ 233,863	\$ 170,579	\$ 128,390	\$ 98,620	\$ 74,255	\$ 89,457	\$ 77,379
Primary Government										
Net Investment in Capital Assets	\$ 857,017	\$ 740,287	\$ 688,172	\$ 631,986	\$ 604,910	\$ 575,949	\$ 554,890	\$ 526,185	\$ 503,433	\$ 501,154
Restricted	379,939	334,355	352,898	321,621	293,470	238,147	189,436	153,631	145,874	133,414
Unrestricted ²	166,398	49,966	49,132	15,652	(78,130)	2,094	(16,328)	(63,157)	216,904	192,448
Total Primary Government Net Position	\$ 1,403,354	\$ 1,124,608	\$ 1,090,202	\$ 969,259	\$ 820,250	\$ 816,190	\$ 727,998	\$ 616,659	\$ 866,211	\$ 827,016

Notes:

1 The Redevelopment Agency, once a blended component unit of the City, was dissolved as of February 1, 2012. The Redevelopment Successor Agency financial transactions are reported in a separate trust fund.

2 The City implemented GASB Statements No. 68 and 75 in fiscal years 2015 and 2018, respectively, which had significant effect on unrestricted net position.

CITY OF SUNNYVALE

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

(dollars in thousands)

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Expenses:										
Governmental Activities:										
Planning and Management	\$ 18,261	\$ 18,959	\$ 17,074	\$ 15,766	\$ 17,961	\$ 13,342	\$ 9,548	\$ 19,431	\$ 18,678	\$ 17,859
Public Safety	86,275	113,535	122,840	111,998	106,371	94,623	83,058	82,086	80,022	78,670
Community Development	10,341	8,182	22,849	21,901	20,562	17,676	18,025	16,351	21,922	20,855
Public Works	35,280	35,464	21,887	19,179	23,958	18,157	15,950	17,022	18,822	14,292
Environmental Services	2,495	2,668	3,653	3,178	2,455	1,248	1,864	913	1,993	2,279
Library and Recreation Services	20,525	18,698	19,784	18,920	19,118	17,628	16,194	17,216	16,222	16,399
NOVA Workforce Services	5,876	9,040	11,939	12,019	13,260	11,776	11,548	8,919	8,874	9,141
Interest on Long-term Debt	4,525	3,813	382	467	504	494	473	573	648	781
Total Governmental Activities	183,578	210,359	220,408	203,428	204,189	174,944	156,660	162,511	167,181	160,276
Business-Type Activities:										
Water Supply and Distribution	50,104	51,097	50,466	48,034	46,296	44,104	36,294	29,303	31,732	31,790
Wastewater Management	32,257	33,635	30,477	31,390	29,664	26,645	24,237	22,353	22,101	21,753
Solid Waste Management	49,509	44,397	45,134	43,969	40,748	40,734	39,357	36,576	36,496	31,637
SMaRT Station	26,251	27,070	29,304	29,050	28,098	28,056	27,202	27,389	27,426	26,810
Development	13,732	16,435	16,680	15,774	13,447	10,980	8,945	7,671	-	-
Golf & Tennis Operations or Community Recreation	4,654	4,987	5,900	5,565	4,799	4,184	3,636	3,473	3,621	3,728
Total Business-Type Activities	176,507	177,621	177,961	173,782	163,052	154,703	139,671	126,765	121,376	115,718
Total Primary Government Expenses	\$ 360,085	\$ 387,980	\$ 398,369	\$ 377,210	\$ 367,241	\$ 329,647	\$ 296,331	\$ 289,276	\$ 288,557	\$ 275,994
Program Revenues:										
Governmental Activities:										
Charges for Services										
Planning and Management	\$ 1,164	\$ 722	\$ 467	\$ 316	\$ 607	\$ 478	\$ 278	\$ 563	\$ 427	\$ 347
Public Safety	4,144	3,441	4,494	4,705	4,301	3,827	3,716	3,713	3,573	2,926
Community Development	73,002	8,438	42,460	26,917	47,359	30,861	35,141	12,464	30,322	28,060
Public Works	12,710	2,724	5,526	5,252	8,510	3,004	4,162	3,157	3,783	3,790
Environmental Management	-	-	9	1	-	-	1	-	954	979
Library and Recreation Services	4,645	2,093	3,197	5,114	4,731	4,770	4,871	4,674	4,446	4,387
NOVA Workforce Services	-	-	402	269	100	112	98	110	98	-
Operating Grants and Contributions	67,108	18,152	18,324	17,530	19,314	19,932	18,767	15,616	16,198	16,427
Capital Grants and Contributions	71,218	19,615	16,296	12,256	14,111	26,895	21,323	12,789	6,831	26,038
Total Governmental Activities Program Revenues	233,991	55,185	91,175	72,360	99,033	89,879	88,357	53,086	66,632	82,954

Business-Type Activities:

Charges for Services										
Water Supply and Distribution	67,853	61,433	64,727	64,560	60,749	45,311	36,300	33,568	39,066	36,071
Wastewater Management	69,679	50,283	60,453	57,171	53,494	37,720	37,071	31,487	32,078	29,253
Solid Waste Management	54,107	50,450	52,459	54,240	50,418	47,952	46,585	43,236	42,033	40,415
SMaRT Station	26,943	26,491	27,472	27,994	25,349	26,443	25,827	25,817	25,749	25,265
Development	23,904	14,470	22,448	24,379	21,878	19,371	15,850	13,832	-	-
Golf & Tennis Operations or Community Recreatio	5,041	4,701	3,402	3,586	3,361	3,107	3,186	3,528	3,572	3,491
Capital Grants and Contributions	5,188	1,653	658	775	1,612	5,658	368	1,916	401	584
Total Business-Type Activities Program Revenues	252,715	209,481	231,619	232,705	216,861	185,562	165,187	153,384	142,899	135,079
Total Primary Government Program Revenues	\$ 486,706	\$ 264,666	\$ 322,794	\$ 305,065	\$ 315,894	\$ 275,441	\$ 253,544	\$ 206,470	\$ 209,531	\$ 218,033
Net (Expense)/Revenue										
Governmental Activities	\$ 50,414	\$ (155,174)	\$ (129,233)	\$ (131,068)	\$ (105,156)	\$ (85,065)	\$ (68,303)	\$ (109,425)	\$ (100,549)	\$ (77,322)
Business-Type Activities	76,207	31,860	53,658	58,923	53,809	30,859	25,516	26,619	21,523	19,361
Total Primary Government Net Expense	\$ 126,621	\$ (123,314)	\$ (75,575)	\$ (72,145)	\$ (51,347)	\$ (54,206)	\$ (42,787)	\$ (82,806)	\$ (79,026)	\$ (57,961)

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

Taxes										
Property Taxes	\$ 113,500	\$ 101,528	\$ 92,069	\$ 85,057	\$ 74,572	\$ 67,899	\$ 64,168	\$ 56,560	\$ 50,515	\$ 47,779
Sales and Use Taxes	35,807	25,906	27,118	32,220	31,314	29,408	31,357	29,676	30,195	29,909
Motor Vehicle License Fees	-	-	-	-	-	-	-	-	-	62
Franchise Fees, Unrestricted	7,222	6,980	7,180	6,976	7,160	7,118	7,057	6,898	6,694	6,462
Utilities Users Taxes	8,594	8,590	8,259	8,303	7,854	7,334	6,901	6,774	6,754	6,549
Transient Occupancy Taxes	10,584	5,192	15,930	21,249	17,742	16,590	16,295	14,137	10,859	9,016
Real Property Transfer Taxes	2,953	1,970	1,815	2,002	2,075	1,770	1,972	1,765	1,674	1,275
Construction Taxes	5,548	2,454	5,171	6,346	4,961	4,719	3,298	3,066	2,984	2,725
Business License Taxes	2,045	1,923	1,935	1,953	1,838	1,819	1,872	1,846	1,742	1,589
Investment Earnings	(24,304)	2,305	26,831	18,762	3,389	1,094	2,682	1,702	1,710	758
Interest Accrued from Advances to Business-Type Activities	453	568	458	477	395	2,421	2,613	2,793	2,922	3,068
Interest Accrued from Advances to Former RDA	-	-	-	-	911	565	49	64	56	66
Extraordinary Items	-	-	-	-	(29,329)	-	-	-	-	(13,966)
Gain on Disposal of Assets	-	-	-	32,072	13,906	-	12,822	-	-	-
Miscellaneous	-	-	25	-	1,202	1,221	2,260	1,274	1,617	1,355
Transfers	3,100	5,588	1,866	1,376	(1,059)	1,529	1,930	12,743	9,943	9,123
Total Governmental Activities	165,502	163,004	188,657	216,793	136,931	143,487	155,276	139,298	127,665	105,770
Business-type Activities										
Investment Earnings	(10,277)	304	9,727	5,737	835	440	780	541	499	331
Transfers	(3,100)	(5,588)	(1,866)	(1,376)	1,059	(1,529)	(1,930)	(12,743)	(9,943)	(9,123)
Total Business-Type Activities	(13,377)	(5,284)	7,861	4,361	1,894	(1,089)	(1,150)	(12,202)	(9,444)	(8,792)
Total Primary Government	\$ 152,125	\$ 157,720	\$ 196,518	\$ 221,154	\$ 138,825	\$ 142,398	\$ 154,126	\$ 127,096	\$ 118,221	\$ 96,978
Change in Net Position										
Governmental Activities	\$ 215,916	\$ 7,830	\$ 59,424	\$ 85,725	\$ 31,775	\$ 58,422	\$ 86,973	\$ 29,873	\$ 27,116	\$ 28,448
Business-Type Activities	62,830	26,576	61,519	63,284	55,703	29,770	24,365	14,417	12,079	10,569
Total Primary Government	\$ 278,746	\$ 34,406	\$ 120,943	\$ 149,009	\$ 87,478	\$ 88,192	\$ 111,338	\$ 44,290	\$ 39,195	\$ 39,017

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Fund										
Nonspendable	\$ 2,910	\$ 3,202	\$ 3,797	\$ 5,518	\$ 5,861	\$ 7,554	\$ 6,261	\$ 4,596	\$ 5,488	\$ 9,829
Restricted	3,762	3,102	3,066	2,914	2,808	2,724	2,554	2,500	2,413	2,288
Committed	67,642	77,606	59,439	46,896	60,532	57,745	55,240	32,402	42,015	33,454
Unassigned	93,707	46,236	59,883	71,030	63,686	60,979	57,423	59,096	52,868	52,486
Total General Fund	<u>\$ 168,021</u>	<u>\$ 130,146</u>	<u>\$ 126,185</u>	<u>\$ 126,358</u>	<u>\$ 132,887</u>	<u>\$ 129,002</u>	<u>\$ 121,478</u>	<u>\$ 98,594</u>	<u>\$ 102,784</u>	<u>\$ 98,057</u>
All Other Governmental Funds										
Nonspendable	\$ 1,627	\$ 1,626	\$ 1,625	\$ 1,626	\$ 1,609	\$ 1,880	\$ 1,882	\$ 1,883	\$ 1,885	\$ 2,027
Restricted	382,183	422,519	333,472	304,524	275,278	221,328	179,053	143,788	93,137	91,549
Committed	-	2,486	4,297	22,804	-	-	-	-	-	-
Assigned	76,800	71,583	70,926	50,904	16,434	14,886	15,368	14,216	12,267	11,092
Unassigned	(676)	(750)	-	-	(91)	(5)	-	-	-	(3)
Total All Other Governmental Funds	<u>\$ 459,934</u>	<u>\$ 497,464</u>	<u>\$ 410,320</u>	<u>\$ 379,858</u>	<u>\$ 293,230</u>	<u>\$ 238,089</u>	<u>\$ 196,303</u>	<u>\$ 159,887</u>	<u>\$ 107,289</u>	<u>\$ 104,665</u>

CITY OF SUNNYVALE

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Revenues										
Property Taxes	\$ 113,500	\$ 101,297	\$ 91,839	\$ 84,828	\$ 74,350	\$ 67,676	\$ 63,945	\$ 56,337	\$ 50,294	\$ 47,556
Sales and Use Taxes	35,807	25,905	28,827	33,829	33,148	31,017	32,914	31,212	31,672	31,412
Other Taxes	29,724	20,130	33,110	39,853	34,469	32,232	30,338	27,588	24,013	21,154
Franchise Fees	7,222	6,980	7,179	6,976	7,160	7,118	7,057	6,898	6,694	6,462
Intergovernmental Revenues	59,086	35,975	26,548	22,959	23,936	22,461	21,757	18,077	19,659	22,466
Permits and Licenses	2,066	1,894	2,130	1,938	1,699	1,287	1,297	1,308	9,796	9,734
Fines and Forfeitures	555	733	1,104	1,252	1,106	1,217	1,312	1,174	1,199	1,080
Special Assessments	6	6	6	6	6	6	6	6	26	38
Service Fees	104,686	13,078	51,883	40,160	61,688	37,455	46,554	19,719	30,250	27,397
Rents and Concessions	1,944	1,290	1,225	1,653	1,404	1,483	1,469	1,494	1,408	1,668
Interest Received from										
Interfund Advances	4,420	4,420	4,451	4,787	4,787	5,364	5,364	4,862	1,616	1,806
Investment Earnings	(20,398)	986	22,845	15,816	2,962	1,012	2,112	1,320	1,361	578
Other Revenues ¹	2,042	1,281	2,715	1,669	2,499	20,123	1,931	1,350	4,016	4,551
Total Revenues	340,660	213,975	273,862	255,726	249,214	228,451	216,056	171,345	182,004	175,902
Expenditures										
Planning and Management	18,534	16,020	13,502	11,314	11,315	12,107	9,632	19,021	17,882	17,101
Public Safety	105,516	109,467	107,285	104,340	98,116	92,113	88,392	82,490	81,129	78,155
Community Development ²	8,601	5,298	18,352	17,805	16,509	15,262	13,594	14,120	30,898	21,269
Public Works	26,607	24,726	11,300	10,432	10,387	10,140	10,072	12,698	13,811	7,955
Environmental Services	2,532	2,411	3,147	2,871	1,341	1,163	1,801	647	1,948	1,922
Library and Recreation Services ³	22,117	18,270	17,881	17,612	16,709	16,995	16,314	15,721	15,209	15,587
NOVA Workforce Services	8,604	9,130	11,063	11,181	12,552	11,841	11,812	8,834	8,392	8,644
Capital Outlay	140,773	91,826	58,759	17,407	33,764	17,764	19,133	10,337	15,596	10,126
Debt Service:										
Principal Retirement	1,150	10,745	1,715	1,605	1,535	1,465	1,395	1,335	1,280	1,220
Interest	5,147	2,104	312	388	415	419	394	427	468	518
Fiscal Charges	18	875	83	91	100	86	89	156	189	131
Total Expenditures	339,599	290,872	243,399	195,046	202,743	179,355	172,628	165,786	186,802	162,628

Excess (Deficiency) of Revenues										
Over (Under) Expenditures	1,061	(76,897)	30,463	60,680	46,471	49,096	43,428	5,559	(4,798)	13,274
Other Financing Sources (Uses):										
Bonds Issued	-	131,200	-	-	-	-	-	-	-	-
Bonds Premium	-	19,637	-	-	-	-	-	-	-	-
Transfers In	41,284	40,958	23,853	48,188	44,632	11,098	10,378	22,588	30,481	19,913
Transfers Out	(42,001)	(23,792)	(24,028)	(61,842)	(53,077)	(10,884)	(9,186)	(22,978)	(19,203)	(12,382)
Proceeds from Sale of Capital Assets	-	-	-	33,073	21,000	-	14,680	-	870	-
Total Other Financing Sources (Uses)	<u>(717)</u>	<u>168,003</u>	<u>(175)</u>	<u>19,419</u>	<u>12,555</u>	<u>214</u>	<u>15,872</u>	<u>(390)</u>	<u>12,148</u>	<u>7,531</u>
Extraordinary Items:										
Net Assets Received or Removed upon Dissolution of Redevelopment Agency	-	-	-	-	-	-	-	-	-	(13,966)
Net Change in Fund Balances	<u>\$ 344</u>	<u>\$ 91,106</u>	<u>\$ 30,288</u>	<u>\$ 80,099</u>	<u>\$ 59,026</u>	<u>\$ 49,310</u>	<u>\$ 59,300</u>	<u>\$ 5,169</u>	<u>\$ 7,350</u>	<u>\$ 6,839</u>
Capital Expenditures	\$ 132,676	\$ 82,945	\$ 51,821	\$ 11,966	\$ 15,663	\$ 11,691	\$ 11,969	\$ 7,299	\$ 12,077	\$ 5,992
Debt Service as a Percentage of Noncapital Expenditures	3.0%	6.2%	1.1%	1.1%	1.0%	1.1%	1.1%	1.1%	1.0%	1.1%

- Notes:**
- 1 Other revenues were higher in fiscal year 2017 due to a one-time contribution related to a significant development project.
 - 2 The City transferred its development-related programs out of the Governmental Funds in fiscal year 2015.
 - 3 The City transferred its recreation programs to the Governmental Funds (Cultural) in fiscal year 2013.

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

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Property	\$ 113,500	\$ 101,297	\$ 91,839	\$ 84,828	\$ 74,350	\$ 67,676	\$ 63,945	\$ 56,337	\$ 50,294	\$ 47,556
Sales and Use	35,807	25,906	28,827	33,829	33,148	31,017	32,914	31,212	31,672	31,412
Transient Occupancy	10,584	5,192	15,930	21,249	17,742	16,590	16,295	14,137	10,859	9,016
Utility Users	8,594	8,590	8,259	8,303	7,854	7,334	6,901	6,774	6,754	6,549
Business Licenses	2,045	1,923	1,935	1,953	1,837	1,819	1,872	1,846	1,742	1,589
Real Property Transfer	2,953	1,970	1,815	2,002	2,075	1,770	1,972	1,765	1,674	1,275
Construction	5,548	2,454	5,171	6,346	4,961	4,719	3,298	3,066	2,984	2,725
Franchise	7,222	6,980	7,179	6,976	7,160	7,118	7,057	6,898	6,694	6,462
Total	<u>\$ 186,253</u>	<u>\$ 154,312</u>	<u>\$ 160,955</u>	<u>\$ 165,486</u>	<u>\$ 149,127</u>	<u>\$ 138,043</u>	<u>\$ 134,254</u>	<u>\$ 122,035</u>	<u>\$ 112,673</u>	<u>\$ 106,584</u>

CITY OF SUNNYVALE**Assessed Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other Property¹	Unsecured Property	Total Assessed Value²	Less: Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate³
2013	\$ 15,103,665,793	\$ 3,600,587,226	\$ 5,432,266,156	\$ 340,524,870	\$ 2,759,360,948	\$ 27,236,404,993	\$ 341,463,372	\$ 26,894,941,621	1.0%
2014	16,609,382,728	3,770,159,047	6,028,000,066	432,398,085	2,893,032,074	29,732,972,000	485,541,786	29,247,430,214	1.0%
2015	17,767,517,570	4,169,748,259	6,064,429,240	525,692,456	3,301,086,598	31,828,474,123	398,883,418	31,429,590,705	1.0%
2016	19,451,693,480	5,263,186,637	7,068,520,319	611,867,808	2,842,769,440	35,238,037,684	438,314,393	34,799,723,291	1.0%
2017	21,132,236,511	6,245,020,580	7,582,898,635	777,478,976	2,941,677,250	38,679,311,952	479,970,823	38,199,341,129	1.0%
2018	23,081,956,452	7,201,345,311	7,551,341,687	875,789,104	3,467,249,797	42,177,682,351	494,892,657	41,682,789,694	1.0%
2019	25,156,372,680	8,856,076,181	8,267,965,238	788,203,756	3,882,340,213	46,950,958,068	599,128,346	46,351,829,722	1.0%
2020	27,555,465,388	9,383,956,474	8,879,451,579	867,530,149	3,677,522,864	50,363,926,454	688,171,499	49,675,754,955	1.0%
2021	29,246,014,436	11,513,434,070	9,593,300,464	964,260,386	4,194,128,627	55,511,137,983	682,232,552	54,828,905,431	1.0%
2022	31,087,858,309	11,891,331,537	10,630,932,250	846,957,214	3,817,323,012	58,274,402,322	691,320,265	57,583,082,057	1.0%

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% of market value as defined by California State Constitution Article XIII A and increases each year by no more than two percent unless there is new construction or change in ownership on the property.
3 See notes in the Schedule of Property Tax Rates contained in the Statistical Section for information on direct tax rate.

CITY OF SUNNYVALE

**Property Tax Rates
Last Ten Fiscal Years**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Direct Rates ¹										
County										
Maximum Tax Levy	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates ²										
County										
County Retirement Levy	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880
County Hospital Facility Bond	0.00610	0.00690	0.00690	0.00720	0.00820	0.00860	0.00880	0.00910	0.00350	0.00510
County Housing Bond	0.01266	-	0.01000	0.01050	0.01266	-	-	-	-	-
Special District										
Santa Clara Valley Water District	0.00510	0.00370	0.00410	0.00420	0.00620	0.00860	0.00570	0.00650	0.00700	0.00690
El Camino Hospital	0.01000	0.01000	0.01000	0.01000	0.01000	0.01290	0.01290	0.01290	0.01290	0.01290
Midpeninsula Regional Open Space	0.00150	0.00150	0.00160	0.00180	0.00090	0.00060	0.00080	-	-	-
School Districts										
Sunnyvale School District	0.03250	0.03340	0.03450	0.03680	0.03680	0.02630	0.04090	0.04920	0.03640	0.03690
Cupertino Elementary	0.03800	0.04030	0.04150	0.03970	0.04960	0.05090	0.05190	0.05400	0.05250	0.05980
Los Altos Elementary	0.05110	0.07130	0.04180	0.04490	0.04630	0.04790	0.04850	0.05240	0.05340	0.05790
Mountain View Elementary	0.23860	0.05960	0.03960	0.04250	0.04100	0.04260	0.02730	0.03380	0.05300	0.06020
Fremont High	0.04160	0.04780	0.04790	0.04300	0.04640	0.04030	0.05250	0.03960	0.04050	0.03900
Mountain View-Los Altos High	0.02780	0.04000	0.03650	0.04090	0.01070	0.01120	0.01190	0.01330	0.01210	0.01390
Santa Clara Unified	0.10140	0.10450	0.11760	0.07070	0.08280	0.08180	0.09420	0.07040	0.07070	0.08190
Foothills-De Anza College	0.03310	0.03640	0.02080	0.02170	0.02200	0.02340	0.02400	0.02760	0.02900	0.02870

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 percent of its assessed value unless an additional amount has been approved by voters. 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 percent 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.

CITY OF SUNNYVALE

**Principal Property Tax Payers
June 30, 2022**

Taxpayer	2022			2013		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ²	Rank	Percentage of Total Taxable Assessed Value
Google Inc	\$ 3,365,138,519	1	5.84%	n/a	n/a	n/a
Apple Inc	1,143,188,841	2	1.99%	n/a	n/a	n/a
Lockheed Martin Corporation	976,329,594	3	1.70%	\$ 1,193,669,254	1	4.44%
Applied Materials Inc	887,467,650	4	1.54%	324,264,285	5	1.21%
Intuitive Surgical Inc	860,101,338	5	1.49%	233,640,510	9	0.87%
Menlo And Juniper Networks LLC	793,554,227	6	1.38%	460,274,451	3	1.71%
CW SPE LLC	779,590,457	7	1.35%	n/a	n/a	n/a
Pathline Park LLC	668,518,784	8	1.16%	n/a	n/a	n/a
MP 521 LLC	499,965,688	9	0.87%	n/a	n/a	n/a
STC Venture LLC	435,423,821	10	0.76%	n/a	n/a	n/a
Network Appliance Inc	n/a	n/a	n/a	552,509,964	2	2.05%
Yahoo Inc	n/a	n/a	n/a	391,814,336	4	1.46%
SPF Mathilda LLC	n/a	n/a	n/a	284,443,963	6	1.06%
MT SPE LLC	n/a	n/a	n/a	269,807,935	7	1.00%
Irvine Company	n/a	n/a	n/a	239,886,701	8	0.89%
Redus SCTC LLC	n/a	n/a	n/a	188,428,194	9	0.70%
Total	\$ 10,409,278,919		18.08%	\$ 4,138,739,593		15.39%

Source: County of Santa Clara Assessor's Office

Note 1 City Total Taxable Assessed Value: \$57,583,082,057

Note 2 City Total Taxable Assessed Value: \$26,894,941,621

CITY OF SUNNYVALE

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year ²	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ¹
		Amount	Percentage of Levy	
2013	\$ 32,150,043	\$ 30,419,797	94.6%	\$ 529,530
2014	35,217,352	33,392,365	94.8%	378,053
2015	38,246,494	36,235,979	94.7%	425,532
2016	42,533,731	40,482,214	95.2%	354,245
2017	46,861,407	44,324,329	94.6%	287,855
2018	50,889,271	48,209,420	94.7%	214,185
2019	56,393,298	53,630,229	95.1%	258,976
2020	60,845,224	57,462,099	94.4%	288,806
2021	67,122,188	63,633,325	94.8%	434,281
2022	70,718,576	67,000,005	94.7%	557,673

Sources: City of Sunnyvale
County of Santa Clara Assessor's Office

- Notes**
- 1 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.
 - 2 Property tax levy and collections represent General Fund secured and unitary taxes and do not include the VLF (motor vehicle license fees) swap, supplemental, or the City share of the former tax increment.

CITY OF SUNNYVALE

**Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands except Per Capita)**

	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Governmental Activities:										
Certificates of Participation	\$ 1,250	\$ 2,400	\$ 13,145	\$ 14,860	\$ 16,465	\$ 18,000	\$ 19,465	\$ 20,860	\$ 22,195	\$ 23,475
Lease Revenue Bonds	149,795	150,421	-	-	-	-	-	-	-	-
Business-Type Activities:										
Water and Wastewater Series 2017A	35,751	37,687	39,582	41,433	43,253	48,406	50,903	53,291	55,573	57,775
Solid Waste Notes Payable	-	-	703	1,395	2,080	2,611	5,003	7,368	-	-
State Revolving Fund Loan	112,011	105,864	81,984	38,599	7,396	-	-	-	-	-
WIFIA Loan	2,186	127	-	-	-	-	-	-	-	-
Solid Waste Revenue Bonds	-	-	-	-	-	-	-	-	12,388	14,505
Total Primary Government	\$ 300,993	\$ 296,499	\$ 135,414	\$ 96,287	\$ 69,194	\$ 69,017	\$ 75,371	\$ 81,519	\$ 90,156	\$ 95,755
Percentage of Personal Income ¹	0.22%	0.22%	0.11%	0.09%	0.07%	0.07%	0.08%	0.10%	0.12%	0.13%
Per Capita ²	\$ 1,927	\$ 1,927	\$ 878	\$ 618	\$ 449	\$ 458	\$ 506	\$ 556	\$ 613	\$ 656

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 contained in the Statistical Section. Personal income for fiscal year 2021 was used to calculate percentages for fiscal year 2022 since data for fiscal year 2022 is not currently available.

2 Population data are presented in the Schedule of Demographic and Economic Statistics contained in the Statistical Section.

CITY OF SUNNYVALE**Direct and Overlapping Governmental Activities Debt
As of June 30, 2022**

Governmental Unit	Debt Outstanding	Percentage Applicable ¹	Share of Overlapping Debt
Debt Repaid with Property Taxes: County			
City of Sunnyvale Community Facilities District No. 1 Special Tax Bonds	\$ 13,315,000	100.000 %	\$ 13,315,000
Cupertino Union School District	271,768,303	14.571	39,599,359
El Camino Hospital District	111,240,000	37.988	42,257,851
Foothill Community College District Certificates of Participation	21,380,000	24.797	5,301,599
Foothill-De Anza Community College District	657,878,325	24.797	163,134,088
Fremont Union High School District	582,770,088	52.786	307,621,019
Midpeninsula Regional Open Space Park District & General Fund Obligations	184,280,600	16.290	30,019,310
Mountain View School District	1,695,000	11.287	191,315
Mountain View-Whisman School District	271,195,000	6.808	18,462,956
Mountain View-Los Altos Union High School District & Certificates of Participation	260,812,872	3.765	9,819,605
Los Altos School District & Certificates of Participation	147,466,634	0.131	193,181
Santa Clara County	1,130,850,000	9.992	112,994,532
Santa Clara County General Fund Obligations	1,210,694,365	9.992	120,972,581
Santa Clara County Pension Obligation Bonds	335,638,470	9.992	33,536,996
Santa Clara County Board of Education Certificates of Participation	1,820,000	9.992	181,854
Santa Clara County Vector Control Certificates of Participation	1,505,000	9.992	150,380
Santa Clara Unified School District & Certificates of Participation	969,675,000	9.460	91,731,255
Santa Clara Valley Water District Benefit Assessment District	48,150,000	9.992	4,811,148
Sunnyvale School District	236,555,820	99.127	234,490,688
West Valley-Mission Community College District	732,500,000	4.330	31,717,250
West Valley Mission Community College District General Fund Obligations	12,000,000	4.330	519,600
Subtotal Overlapping Debt			1,261,021,567
Direct Debt ²			
City of Sunnyvale Government Center 2020 Lease Bonds			149,795,495
City of Sunnyvale Parking Facility Certificates of Participation			1,250,000
Subtotal Direct Debt			151,045,495
Total Direct and Overlapping Debt ³			\$ 1,412,067,062

Sources: California Municipal Statistics Inc
City of Sunnyvale

Notes:

¹ Percentage of overlapping agency's assessed valuation located within the boundaries of the City.

² Direct debt excludes revenue bonds reported in the enterprise funds and Redevelopment Successor Agency Central Core Tax Allocation Bonds.

³ 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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Debt limit	\$ 8,741,160	\$ 8,326,671	\$ 7,554,589	\$ 7,042,644	\$ 6,326,652	\$ 5,801,897	\$ 5,285,706	\$ 4,774,271	\$ 4,459,946	\$ 4,085,461
Total net debt applicable to limit	265,242	258,812	95,129	14,860	16,464	18,000	19,465	20,860	22,195	23,475
Legal debt Margin	<u>\$ 8,475,918</u>	<u>\$ 8,067,859</u>	<u>\$ 7,459,460</u>	<u>\$ 7,027,784</u>	<u>\$ 6,310,188</u>	<u>\$ 5,783,897</u>	<u>\$ 5,266,241</u>	<u>\$ 4,753,411</u>	<u>\$ 4,437,751</u>	<u>\$ 4,061,986</u>
Total net debt applicable to the limit as a percentage of debt limit	3.03%	3.11%	1.26%	0.26%	0.31%	0.37%	0.44%	0.57%	0.57%	0.76%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 57,583,082
Add back: exempt real property	691,320
Total assessed value	<u>\$ 58,274,402</u>
Debt limit (15% of total assessed value)	\$ 8,741,160
Debt applicable to limit:	
Total bonded debt	300,993
Less:	
Water and Wastewater Series 2017A	<u>(35,751)</u>
Total net debt applicable to limit	<u>265,242</u>
Legal debt margin	<u>\$ 8,475,918</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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Water and Wastewater Revenue Bonds										
Gross Revenues	\$ 130,386	\$ 111,831	\$ 130,935	\$ 124,734	\$ 114,566	\$ 83,371	\$ 73,946	\$ 65,536	\$ 71,567	\$ 65,621
Less: Operating Expenses ¹	72,027	76,201	71,290	70,144	67,775	63,547	53,452	44,141	46,074	45,316
Less: Operating Transfers ²	826	2,599	2,124	2,245	869	415	1,362	6,716	6,852	6,161
Net Available Revenue ⁵	\$ 57,533	\$ 33,031	\$ 57,521	\$ 52,345	\$ 45,922	\$ 19,409	\$ 19,132	\$ 14,679	\$ 18,641	\$ 14,144
Debt Service										
Principal	\$ 1,755	\$ 1,715	\$ 1,670	\$ 1,640	\$ 2,925	\$ 2,330	\$ 2,220	\$ 2,115	\$ 2,035	\$ 1,955
Interest	1,400	1,434	1,486	1,523	1,560	2,411	2,522	2,624	2,703	2,789
Coverage	18.2	10.5	18.2	16.5	10.2	4.1	4.0	3.1	3.9	3.0
Solid Waste Revenue Bonds/Notes Payable ⁴										
Gross Revenues	\$ 53,344	\$ 50,541	\$ 53,587	\$ 54,988	\$ 50,587	\$ 48,052	\$ 46,698	\$ 43,295	\$ 42,104	\$ 40,444
Other Agencies Shares ³	-	197	196	196	156	971	972	1,004	1,064	1,043
Less: Operating Expenses ¹	49,329	43,845	44,627	43,503	40,369	38,856	37,433	34,517	34,334	29,422
Less: Operating Transfers ²	-	-	1,501	1,167	921	743	723	3,135	3,201	2,882
Net Available Revenue ⁵	\$ 4,015	\$ 6,893	\$ 7,655	\$ 10,514	\$ 9,453	\$ 9,424	\$ 9,514	\$ 6,647	\$ 5,633	\$ 9,183
Debt Service										
Principal	\$ -	\$ 703	\$ 692	\$ 685	\$ 531	\$ 2,392	\$ 2,365	\$ 2,165	\$ 2,060	\$ 1,960
Interest ⁴	-	2	13	21	29	47	76	394	645	746
Coverage	Not Applicable	9.8	10.9	14.9	16.9	3.9	3.9	2.6	2.1	3.4

Notes:

- 1 Excludes depreciation expense.
- 2 Operating expense-related transfers.
- 3 Proportion of debt service shared by Cities of Mountain View and Palo Alto according to the Memorandum of Understanding.
- 4 The City paid off the Solid Waste Revenue Bonds during Fiscal Year 2021.
- 5 Net Available Revenue or pledged revenue is "Gross Revenues" received from the respective systems minus the amount to pay "Operation and Maintenance Costs" of the systems.
For the Solid Waste Note Payable, Net Available Revenue includes the proportionate share of debt service from Cities of Mountain View and Palo Alto.

CITY OF SUNNYVALE

**Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income (millions of dollars)¹	Per Capita Personal Income¹	Median Age	School Enrollment	Civilian Labor Force	Unemployment Rate
2013	145,864	\$ 137,464	\$ 71,204	36	16,900	80,950	6.2%
2014	147,055	150,605	76,889	36	17,103	82,384	4.8%
2015	146,629	166,082	83,628	35	17,078	84,814	3.9%
2016	148,948	179,830	89,835	35	16,908	86,577	3.4%
2017	150,599	194,763	96,938	35	16,755	87,011	3.1%
2018	153,944	212,286	105,486	35	16,971	87,359	2.4%
2019	155,766	224,378	111,825	36	16,704	87,335	2.2%
2020	154,252	241,019	120,805	35	16,386	83,860	7.4%
2021	153,827	266,157	136,338	35	15,527	83,983	4.1%
2022	156,234	Not Available	Not Available	35	14,410	87,503	1.9%

Sources: California Department of Education
 State of California, Department of Finance
 U.S. Department of Commerce, Bureau of Economic Analysis
 U.S. Department of Labor, Bureau of Labor Statistics
 United States Census Bureau

Note: 1 San Jose-Sunnyvale-Santa Clara, CA

CITY OF SUNNYVALE**Principal Employers
Current Year and Nine Years Ago**

Employer	2022			2013		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Google	13,644	1	15.59%	n/a	n/a	n/a
Apple	12,831	2	14.66%	4,000	2	4.94%
LinkedIn	5,347	3	6.11%	n/a	n/a	n/a
Lockheed Martin Space Systems	3,855	4	4.41%	6,070	1	7.50%
Amazon.Com Services	3,748	5	4.28%	n/a	n/a	n/a
Intuitive Surgical Operations	3,373	6	3.85%	n/a	n/a	n/a
Applied Materials	3,359	7	3.84%	1,306	7	1.61%
Cepheid	3,334	8	3.81%	n/a	n/a	n/a
Facebook	2,839	9	3.24%	n/a	n/a	n/a
Microsoft	1,893	10	2.16%	n/a	n/a	n/a
NetApp	n/a	n/a	n/a	3,134	3	3.87%
Juniper Networks	n/a	n/a	n/a	3,073	4	3.80%
Yahoo!	n/a	n/a	n/a	2,810	5	3.47%
Hewlett Packard	n/a	n/a	n/a	1,743	6	2.15%
Northrup Grumman Marine Systems	n/a	n/a	n/a	1,274	8	1.57%
Synopsys	n/a	n/a	n/a	999	9	1.23%
Advanced Micro Devices	n/a	n/a	n/a	823	10	1.02%

Source: City of Sunnyvale, Department of Finance
U.S. Department of Labor, Bureau of Labor Statistics

CITY OF SUNNYVALE

**Full-time Equivalent City Government Employees Budgeted by Department
Last Ten Fiscal Years**

	Full-time Equivalent Employees Budgeted by Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Departments										
Planning and Management	155	153	142	134	126	120	112	112	111	107
Public Safety ¹	289	289	289	289	291	287	283	279	279	276
Community Development	54	54	53	48	46	43	39	39	37	37
Public Works	191	189	189	188	187	186	182	180	181	180
Environmental Services	128	127	127	127	123	121	118	117	115	116
Library and Recreational Services	83	83	84	84	100	100	100	100	100	100
NOVA Workforce Services	38	41	38	38	44	44	43	43	43	46
Total	<u>938</u>	<u>936</u>	<u>922</u>	<u>908</u>	<u>917</u>	<u>901</u>	<u>877</u>	<u>870</u>	<u>866</u>	<u>862</u>

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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety:										
Police										
Emergency Responses	41,635	39,128	38,937	35,068	40,525	41,050	31,848	37,662	38,133	40,680
Crime Investigations	1,036	609	1,270	2,640	7,057	2,030	4,718	2,855	3,249	5,131
Traffic Events and Citations	10,384	16,682	16,592	11,794	15,846	10,155	8,829	9,772	11,894	14,460
Fire										
Emergency Responses	7,410	6,965	7,094	7,204	7,241	7,483	7,774	7,438	7,606	7,487
Fire Safety Inspections	1,722	1,721	6,724	8,541	6,778	7,585	6,682	6,439	7,163	6,842
Transportation:										
Streets Resurfacing (1,000 square feet)	1,134	10,311	6,547	215	3,034	Not Available	None	1,177	1,565	1,493
Street Preventive Maintenance (1,000 sq feet)	665	3,867	2,316	6,300	4,577	4,728	4,473	3,641	3,323	3,624
Street Lamps Replaced ¹	Not Available	352	106	100	996	946	1,656	1,242	925	1,032
Cultural:										
Library Visitors	282,385	39,807	398,830	619,986	657,343	683,739	669,796	699,128	707,922	743,311
Library Materials Circulated	1,398,369	922,634	1,418,597	1,983,152	2,098,751	2,191,068	2,396,689	2,576,329	2,711,856	2,748,170
Library Materials Turnover Rate (average use)	8.6	5.1	6.0	6.8	6.9	7.2	6.6	8.7	8.8	9.5
Recreation Programs Registration (hours)	312,144	131,989	545,162	657,961	758,387	Not Available	821,950	866,750	850,978	837,899
Rental Use of Recreation Facilities	164,033	30,643	71,915	106,735	89,792	Not Available	92,842	103,122	98,878	74,404
Water Supply and Distribution:										
Average Daily Demand (million gallons)	16.6	18.0	17.4	16.4	16.8	15.4	14.0	19.4	19.4	19.4
Peak Daily Use (million gallons)	29.9	32.4	31.4	29.5	30.3	27.8	21.0	29.1	29.1	29.1
Water Main Repairs	28	34	23	39	28	19	30	38	48	24
Wastewater Management:										
Average Daily Sewage Treatment (million gallons)	12.4	12.5	12.9	13.3	12.4	12.7	11.7	12.8	12.8	13.4
Solid Waste Management:										
Refuse collected (tons per day)	235.0	219.0	236.0	251.0	237.0	255.0	250.0	244.0	234.8	234.6
Recyclables collected (tons per day)	88.0	88.0	96.0	98.0	90.0	79.5	78.5	71.5	68.6	71.3
SMaRT Station:										
Refuse received (tons per day)	514.0	577.0	598.0	648.0	620.0	643.0	640.0	652.0	608.0	609.0
Golf and Tennis:										
Plays at Golf Courses	142,278	152,637	98,309	97,875	109,874	105,632	111,011	121,997	124,741	129,583

Source: City of Sunnyvale, various departments

Note: ¹ Starting FY 2019, the City replaced High Pressure Sodium (HPS) lights with Light-Emitting Diode (LED) lights, which have extended life and reduced lamp failure.

CITY OF SUNNYVALE

**Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Public Safety										
Police:										
Jail Facilities	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)
Vehicular Patrol Units	79	79	73	73	71	72	69	70	70	70
Fire Stations	6	6	6	6	6	6	6	6	6	6
Transportation										
Streets (miles)	261	261	261	261	261	261	300	300	300	300
Streetlights	9,354	9,354	9,354	9,354	9,353	9,352	9,354	9,357	9,316	9,328
Traffic Signals	135	135	134	132	132	132	131	131	129	129
Cultural¹										
Park Acreage	351	345	345	344	344	344	329	329	329	324
Parks	25	24	24	23	23	23	21	21	21	20
Swimming Pools	3	3	3	3	3	3	4	4	4	5
Skate Parks	2	2	2	2	2	2	2	2	2	2
Recreation Centers	3	3	3	3	3	3	3	3	3	3
Water Supply and Distribution										
Water Mains (miles)	340	340	340	340	340	340	340	340	340	340
Fire Hydrants	3,433	3,433	3,433	3,433	3,433	3,412	3,400	3,362	3,362	3,360
Storage Capacity (million gallons)	26.5	26.5	26.5	26.5	26.5	26.5	26.5	27.5	27.5	27.5
Wastewater Management										
Sanitary Sewer (miles)	312	312	312	312	310	310	310	310	283	283
Permitted 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
SMaRT Station										
Refuse transfer and recovery station capacity (ton per day)	1,599	1,599	1,599	1,599	1,500	1,500	1,500	1,500	1,500	1,500
Golf and Tennis										
Golf Courses	2	2	2	2	2	2	2	2	2	2
Tennis Courts	49	49	49	49	49	49	49	49	49	49

Source: City of Sunnyvale, various departments

Note: 1 No capital asset indicators are available for library function.