



Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2021



CITY OF SUNNYVALE

C A L I F O R N I A

We Build Community Trust by Delivering Exceptional Services



Annual Comprehensive Financial Report
For the Fiscal Year Ended
June 30, 2021

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

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City of SUNNYVALE

Department of Finance

650 West Olive Avenue

Sunnyvale, California 94086

408-730-7600

December 29, 2021

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, 2021. The City Charter (Section 1318) requires that a licensed certified public accountant conduct an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to City Council. The financial statements are presented in conformity with Generally Accepted Accounting Principles (GAAP) 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 disclosures necessary for the reader to obtain a thorough understanding of the City's financial activities have been included. Management of the City has established a comprehensive internal control framework that is designed both to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in 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 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, 2021, 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, 2021 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 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, 2021

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 the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

This report is divided into three sections:

- The **Introductory Section** includes this letter of transmittal, an organizational overview of the City government, and prior awards received.
- The **Financial Section** consists of the independent 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. With the November 2020 elections, the voters elected councilmembers for districts 2, 4 and 6 and Mayor at-large.

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, 2021

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 for storm water collection and treatment facilities. The City's financial role with the CFDs 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-public 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, 2021

PROFILE OF THE CITY, Continued

Budget

Sunnyvale Charter Section 1302 originally specified that the City Manager submit a budget to the City Council annually. Sunnyvale Charter Section 1305 originally specified 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 COVID-19 Pandemic (Pandemic) not only ended one of the longest US economic expansions in 2020 but has also created lasting impacts on economies across the country, resulting in economic shifts that are likely to have enduring effects on the global economy. Despite being one of the nation's most resilient regions, the Bay Area region similarly experienced unprecedented changes to the regional economy during the Pandemic. The City, along with rest of the Bay Area Region, continued to face uncertainty and experience the economic consequences of the Pandemic. Since the onset of the Pandemic, private and public sectors have been required to adhere to various strict state and county mandated orders to continue their operations, creating financial challenges, although such orders were necessary to control and slow down the virus spread. To aid local small businesses and nonprofit agencies weather financial impacts caused by the Pandemic, the City launched the Sunnyvale Cares Program and provided approximately \$3 million in grants in October 2020, which was funded by the City and community partners.

To continue to stimulate the U.S. economy, President Biden signed the American Rescue Plan Act (ARPA) into law, which provided direct, flexible relief funds to cities, counties and states to combat the negative impact of the Pandemic. The ARPA funds share of each city was determined based on the CDBG allocation formula. The City's ARPA funds share amounted to \$28.2 million, and the first half of the amount was received in May 2021. The City has planned to use the ARPA funds to replace the revenue loss incurred due to the Pandemic and maintain the City's core services at close to pre-pandemic levels. Sales Tax and Transient Occupancy Tax (General Fund revenues), experienced significant revenue losses

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2021

LOCAL ECONOMY, Continued

as they were directly affected with the economic downturn. Therefore, ARPA funds were used in balancing the General Fund budget for FY 2021/22.

The State and the County have lifted most of the restrictions, except requiring masks for indoor public settings and workplaces. Businesses are reopening and resuming back to normal operations, and the economic recovery appears to be underway in the region. However, construction, retail, hospitality, and manufacturing sectors are facing new challenges such as supply chain disruption, and labor shortage. Therefore, the pace of economic recovery will continue to depend on duration of the Pandemic and realization of solutions to the new challenges stemming with the restart of the economy.

Real estate property values remained strong in Sunnyvale and in neighboring cities. Low interest rates, limited supply and ongoing demand continue to keep market values at elevated levels. Consequently, Property Tax revenue and assessed valuation have not experienced a negative impact from the Pandemic. Higher commercial and residential development activity continue to maintain an upward trend. 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 but to a lesser extent. The long-term impact on these revenue sources from the Pandemic and shifting economy trends will continue to cause significant year-to-year variances and forecasting challenges in the future.

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.

In summary, the City's economic climate and fiscal condition are complex with many moving parts. The City's fiscal situation faces ongoing pressures that force us to have a prudent strategy to address current and future operational needs and investments. 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.

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 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

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2021

LONG-TERM FINANCIAL PLANNING, Continued

system allows decision makers to better understand the true effect of policy decisions and effectively requires that decisions made today guarantee that the resources will 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, reduced 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 five to ten 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. The 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 PERS. The City contributed \$3.5 million to the trust fund for the year ended June 30, 2021. In the FY 2021/22 Adopted Budget, an annual funding commitment of \$1 million is budgeted for the next seven years. Assets of 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, 2021

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 thirteenth year of the twenty-year financial plan in the FY 2021/22 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 entitled the Budget Stabilization Reserve. This reserve has a minimum of 15% of projected revenues for the first two years of the twenty-year financial plan. Beyond year two, the Budget Stabilization reserve needs to have a balance of at least zero. 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 sustainable means during periods of economic growth, while also providing the City a mechanism to maintain services at desired levels during economic downturns. The value of the Budget Stabilization Fund is especially evident during

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2021

RELEVANT FINANCIAL POLICIES, Continued

economic downturns, as not only is it available to be drawn upon to assist in maintaining service levels, it also allows time to develop a measured and reasoned approach to addressing fiscal crises. This is evident during this most recent recession caused by the Pandemic. The Budget Stabilization Reserve was utilized to subsidize service levels when revenues dropped, which is allowing the City time to assess the magnitude of the issue and address it strategically. To date, this has enabled the City to avoid material 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.

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 by charging an additive rate to staff salaries whenever personnel hours are expended. 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 2020/21:

Civic Center Modernization

To address the current and future service demands of Sunnyvale today, City Council made improvements to the Civic Center one of its strategic priorities in 2014. After the completion of feasibility study in 2015 and the council approval of Master Plan and Environmental Impact Report in September 2018, 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 and is expected to complete before the end of 2022. As a part of the financing strategy, the City issued lease revenue bonds in December 2020 to pay a large portion of constructions costs. One-time revenue available from the sale of multiple properties and reserves already accumulated for infrastructure improvements are budgeted to cover the remaining construction costs.

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, the SB1 Road Maintenance and Repair Act

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2021

MAJOR INITIATIVES, Continued

and Measure B funding, along with traditional General Fund, Gas Tax and Vehicle Registration Fee Funding. In FY 2021/22, \$81 million was budgeted for the traffic and transportation funded projects, including several projects of pavement rehabilitation and traffic signal improvements, rehabilitation of the Fair Oaks Bridge, the Caltrain Grade Separation at Mary and Sunnyvale Avenue, preliminary design for the Bernardo Ave Undercrossing, and an EIR 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 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 Sunnyvale downtown remains strong, as construction of housing and offices is in progress while a grocery store and a movie theatre opened in October 2020. As the Pandemic continues and the economic recovery faces uncertainty, the City anticipates the benefit of additional sales tax revenue from the downtown development starting in FY 2021/22 at moderate levels.

Improved Processes and Services Through the Use of Technology

This priority includes the implementation of several major initiatives, including the continued implementation and post-live support of the new Enterprise Resource Planning (ERP) system, a new Community Development permitting system, a housing grants and loans management system, and public safety dispatch system implementations. The main financial modules for the new ERP went live in February 2021. The Human Resources and Payroll modules are anticipated to be implemented during FY 2021/22. The development permitting system implementation is in system design and configuration phase and expected to be put in use in late 2022.

Accelerating Climate Action

The City aims 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 56% below 1990 levels by 2030. Most of the reductions came from driving less and using cleaner energy. Additionally, the City updated its building codes that require new buildings to be all-electric and installed new electric vehicle chargers, piloted new solid waste and electric vehicle programs, and planned for all-electric City facilities.

Equity, Access and Inclusion

Continuing with Sunnyvale Unity Initiative and representing the City's commitment to creating a culture of community respect, equity and inclusion, the City Council established Equity, Access, and Inclusion as one of its strategic priorities in February 2021. The City hosted six listening sessions and dialogues since June 2020, providing a safe space for education and discussion to better understand community concerns and meet the needs of diverse community. Council also approved a full-time management position for two years to serve as a resource to support the City's commitment to improve access to City services and equitable outcomes for residents. Additionally, a cultural inclusion study is underway to identify any gaps in policy or service delivery and have a strategic plan to address them better to meet the community needs.

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2021

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, 2020. This was the thirty-fifth 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, 2021. This was the thirty-second 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.

The City has received the Annual Achievement of Excellence in Procurement Awards from the National Purchasing Institute (NPI) for twenty-one 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 Comprehensive 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; Luis Cuellar, Jin Xu, Hema Gajaria, Jenny Chang, and Bhavana Menghrajani, Accountants; 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.

***Chief Finance Officer's Letter of Transmittal, Concluded
Fiscal Year Ended June 30, 2021***

AWARDS AND ACKNOWLEDGEMENTS, Continued

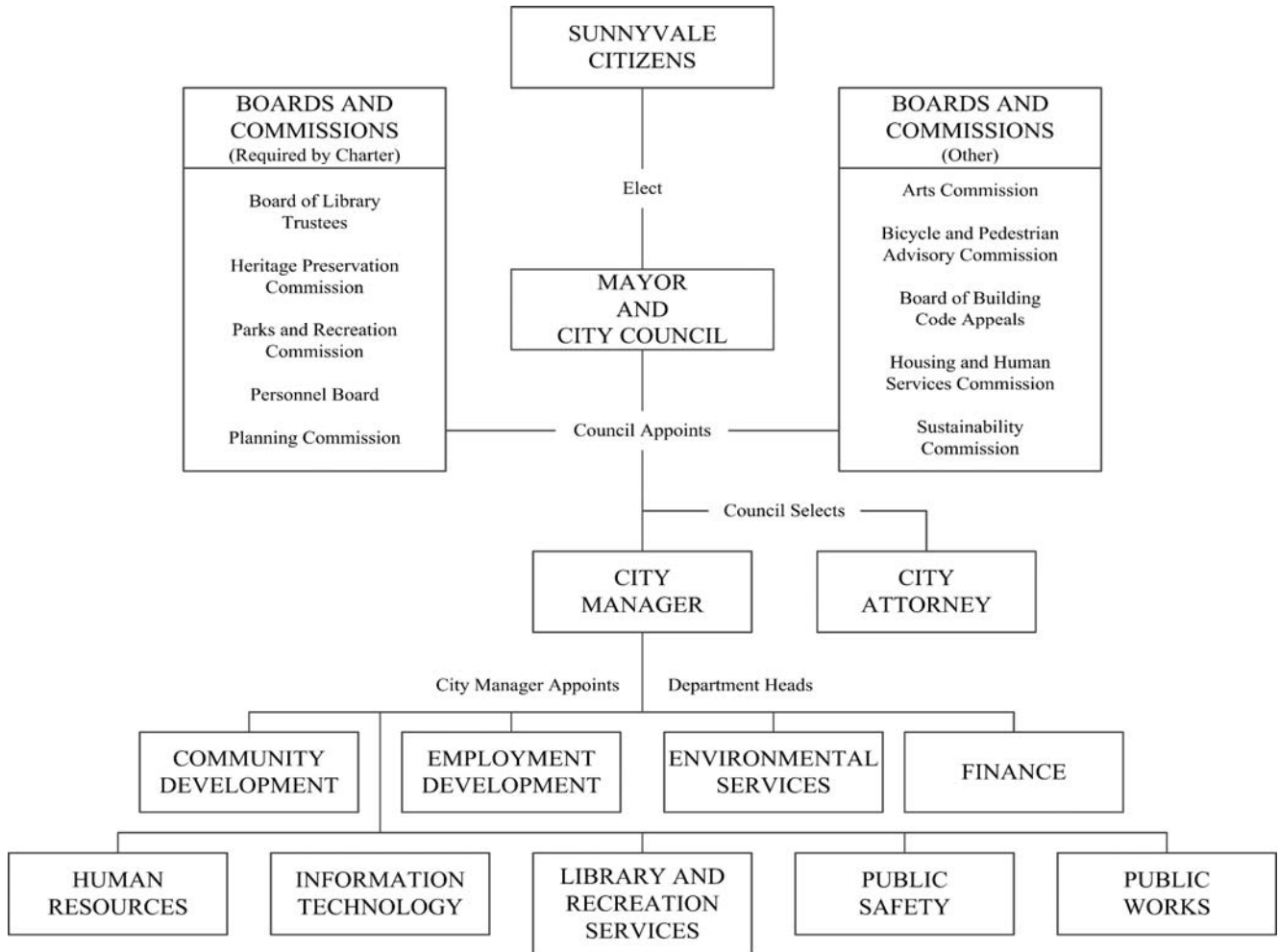
Sincere appreciation is also expressed to the City Manager and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and thoughtful manner.

Respectfully submitted,



Timothy J. Kirby
Director of Finance

Organization Chart
Fiscal Year Ended June 30, 2021



Larry Klein
Mayor

Glenn Hendricks
Vice-Mayor

Gustav Larsson
Councilmember

Russ Melton
Councilmember

Mason Fong
Councilmember

Alysa Cisneros
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

Kris Stadelman
Director of Employment Development

Phan S. Ngo
Director of Public Safety

Ramana Chinnakotla
Director of Environmental Services

Cherise Brandel
Director of Library & Recreation Services

Directory of Boards and Commissions
Fiscal Year Ended June 30, 2021

Arts Commission

Eskridge, Dawna
Lam, Winnie
Serrone, Sue
Vaughan, Susannah
Veith, Agnes

Bicycle and Pedestrian Advisory Commission

Bonne, Ulrich (Alex)
Davé, Arwen
Hafeman, Daniel
Mehlinger, Richard
Mehlman Elizabeth (Leia)
Oey, Timothy
Paradkar, Mihir
Shen, Yonghong

Board of Building Code Appeals

Jain, Rahul
Kroll, Adam
McNutt, Gregory
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
Gaudenti, Shanna
Hopkins, Dawn
Patel, Sarosh
Sharma Pamela
Vacant

Housing and Human Services Commission

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

Parks and Recreation Commission

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

Personnel Board

Ketzel, Marc
Lugani, Deepali
Schmidt, Barbara
Selan, Patti
Vacant

Planning Commission

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

Sustainability Commission

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



Government Finance Officers Association

Certificate of
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Presented to

**City of Sunnyvale
California**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sunnyvale, California (City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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, 2021, 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.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, as of July 1, 2020, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Other Matters

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, 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 auditing standards generally accepted in the United States of America, 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.

Other 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 introductory section, combining fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 auditing standards generally accepted in the United States of America. 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.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021 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 29, 2021

Management's Discussion and Analysis (Unaudited)

*Management's Discussion and Analysis
Fiscal Year Ended June 30, 2021*

As management of the City of Sunnyvale, we offer readers of the City of Sunnyvale's financial statements this narrative overview and analysis of the financial activities of the City of Sunnyvale for the fiscal year ended June 30, 2021 (FY 2020/21). 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, 2021, the City's total net position was \$1,124.6 million, an increase of \$34.4 million or 3.2% over the prior fiscal year. This increase was corresponding to the changes in the following financial statement elements: (1) total assets increased by \$233.0 million or 13.5%, mostly due to increases of capital assets of \$107.5 million and the unspent proceeds from the issuance of 2020 Civic Center Lease Revenue Bonds (2020 Lease Revenue Bonds) during the year; (2) total liabilities increased by \$203.6 million or 29.6% mainly due to the issuance of 2020 Lease Revenue Bonds, increases in unearned revenues related to funds received in advance, and an increase in net pension liability; (3) deferred outflows and inflows of resources increased by \$5.4 million and \$0.4 million, respectively, from the prior year, of which pension and Other Postemployment Benefit (OPEB)-related items represented a predominant portion of both deferred outflows and deferred inflows of resources.
- Total revenues were \$422.4 million, which was \$97.0 million or 18.7% lower than the prior year, mostly due to a significant drop in Charges for Services, Transient Occupancy Tax (TOT), Sales Tax, Construction Taxes revenues as the State and County health orders to control the COVID-19 pandemic spread and remained enforced throughout the fiscal year, which slowed down the local economy. Investment earnings also decreased mainly due to low rate of returns and the impact of fair value adjustments. Total expenses were \$388.0 million, a decrease of \$10.5 million or 2.6% from the prior year primarily due to vacancies as a hiring freeze was in place during the fiscal year.
- The City's governmental funds reported a combined fund balance of \$627.6 million, an increase of \$91.1 million or 17.0% from the prior year's fund balance of \$536.5 million. Unspent bond proceeds of the 2020 Lease Revenue Bonds primarily contributed to an increase of \$107.9 million to the governmental fund balances while the Park Dedication Fund had a fund balance reduction of \$17.4 million.
- The General Fund's fund balance was \$130.1 million, an increase of \$4.0 million or 3.1% from the prior year. During FY 2020/21, the General Fund made various transfers out to other City funds of \$6.2 million for subsidies of various activities.
- The City contributed \$3.5 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, 2021, the account balance totaled \$9.7 million reported as Deposits and Investments Held with Fiscal Agent or Trustee in the Employee Payroll & Benefits Fund, an Internal Service Fund.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

A. FINANCIAL HIGHLIGHTS, Continued

- The Sunnyvale Financing Authority issued the 2020 Lease Revenue Bonds to finance a large part of the construction costs of the first phase of the City's Civic Center Modernization Project. The bond proceeds totaled \$150.8 million, including a premium of \$19.6 million. The 2009 Government Center Variable Rate Demand Refunding Certificates of Participation (2009 COPs) issued by the Sunnyvale Financing Authority were retired early in December 2020 and the outstanding balance of \$9.7 million was paid off.

B. OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Sunnyvale's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also 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, 2021

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 22 individual governmental funds belonging to the governmental fund types: General Fund Special Revenue, Debt Service, Permanent and Capital Project Fund. 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 for the other 16 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, 2021

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 fiduciary activities of resources held for the benefit of parties other than 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 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's 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 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, 2021

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 2020/21, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,124.6 million. This was an increase of \$34.4 million or 3.2% from the prior year.

The following is the condensed statement of net position for the fiscal years ended June 30, 2021 and 2020.

Condensed Statement of Net Position
June 30, 2021 and 2020
(Amounts in Millions)

	Governmental Activities		Business- Type Activities		Total		%
	2021	2020	2021	2020	2021	2020	Change
Assets:							
Current and Other Assets	\$780.4	\$679.4	\$254.8	\$230.3	\$1,035.2	\$909.7	13.8%
Capital Assets, Net	620.9	537.5	305.6	281.5	926.5	819.0	13.1%
Total Assets	<u>1,401.3</u>	<u>1,216.9</u>	<u>560.4</u>	<u>511.8</u>	<u>1,961.7</u>	<u>1,728.7</u>	13.5%
Deferred Outflows of Resources							
	<u>63.8</u>	<u>58.3</u>	<u>10.2</u>	<u>10.3</u>	<u>74.0</u>	<u>68.6</u>	7.9 %
Liabilities:							
Other Liabilities	55.9	25.1	28.0	28.5	83.9	53.6	56.5%
Noncurrent Liabilities	196.1	54.1	151.6	130.3	347.7	184.4	88.6%
Net Pension Liability	342.9	327.2	54.1	52.0	397.0	379.2	4.7 %
Net OPEB Liability	50.8	57.1	11.0	12.5	61.8	69.6	(11.2)%
Total Liabilities	<u>645.7</u>	<u>463.5</u>	<u>244.7</u>	<u>223.3</u>	<u>890.4</u>	<u>686.8</u>	29.6%
Deferred Inflows of Resources							
	<u>16.8</u>	<u>16.9</u>	<u>3.9</u>	<u>3.4</u>	<u>20.7</u>	<u>20.3</u>	2.0 %
Net Position:							
Net Investments in Capital Assets	578.4	529.0	161.9	159.2	740.3	688.2	7.6%
Restricted	329.1	347.6	5.3	5.3	334.4	352.9	-5.2%
Unrestricted	<u>(104.9)</u>	<u>(81.8)</u>	<u>154.8</u>	<u>130.9</u>	<u>49.9</u>	<u>49.1</u>	1.6 %
Total Net Position	<u>\$ 802.6</u>	<u>\$ 794.8</u>	<u>\$ 322.0</u>	<u>\$ 295.4</u>	<u>\$ 1,124.6</u>	<u>\$ 1,090.2</u>	3.2%

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

At June 30, 2021, the largest portion of the City's net position (\$740.3 million or 65.8%) 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 (\$334.4 million or 29.7%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position is \$49.9 million, which includes a deficit of \$104.9 million in governmental activities and a surplus of \$154.8 million in business-type activities.

Under Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 75, the annual pension/OPEB expense reported in FY 2020/21 is the change in net pension/OPEB liability from the previous year (measured as of June 30, 2019) to the current year (measured as of June 30, 2020), 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. 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, 2021

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Analysis of Changes in Net Position

Condensed Statement of Changes in Net Position

Years Ended June 30, 2021 and 2020

(Amounts in Millions)

	Governmental Activities		Business-Type Activities		Total		% Change
	2021	2020	2021	2020	2021	2020	
Revenues:							
Program Revenues:							
Charges for Services	\$ 17.4	\$ 56.6	\$ 207.8	\$ 231.0	\$ 225.2	\$ 287.6	(21.7)%
Operating Grants and Contributions	18.2	18.3	-	-	18.2	18.3	(0.5)%
Capital Grants and Contributions	19.6	16.3	1.7	0.7	21.3	17.0	25.3 %
Total Program Revenues	55.2	91.2	209.5	231.7	264.7	322.9	(18.0)%
General Revenues:							
Property Taxes	101.5	92.1	-	-	101.5	92.1	10.2 %
Sales and Use Taxes	26.0	27.1	-	-	26.0	27.1	(4.1)%
Other Taxes	27.1	40.3	-	-	27.1	40.3	(32.8)%
Investment Income	2.3	26.8	0.3	9.7	2.6	36.5	(92.9)%
Interest on Advances to Business-Type	0.5	0.5	-	-	0.5	0.5	-
Total General Revenues	157.4	186.8	0.3	9.7	157.7	196.5	(19.7)%
Total Revenues	212.6	278.0	209.8	241.4	422.4	519.4	(18.7)%
Expenses:							
Planning and Management	19.0	17.1	-	-	19.0	17.1	11.1 %
Public Safety	113.5	122.8	-	-	113.5	122.8	(7.6)%
Community Development	8.2	22.9	-	-	8.2	22.9	(64.2)%
Public Works	35.5	21.9	-	-	35.5	21.9	62.1 %
Environmental Services	2.7	3.7	-	-	2.7	3.7	(27.0)%
Library & Recreation Services	18.7	19.8	-	-	18.7	19.8	(5.6)%
NOVA Workforce Services	9.0	11.9	-	-	9.0	11.9	(24.4)%
Water Supply and Distribution	-	-	51.1	50.5	51.1	50.5	1.2 %
Wastewater Management	-	-	33.6	30.5	33.6	30.5	10.2 %
Solid Waste Management	-	-	44.4	45.1	44.4	45.1	(1.6)%
SMaRT Station	-	-	27.1	29.3	27.1	29.3	(7.5)%
Development	-	-	16.4	16.7	16.4	16.7	(1.8)%
Golf and Tennis Operations	-	-	5.0	5.9	5.0	5.9	(15.3)%
Interest on Long-term Debt	3.8	0.4	-	-	3.8	0.4	850.0 %
Total Expenses	210.4	220.5	177.6	178.0	388.0	398.5	(2.6)%
Increase in Net Position before Transfers	2.2	57.5	32.2	63.4	34.4	120.9	(71.5)%
Transfers	5.6	1.9	(5.6)	(1.9)	-	-	-
Change in Net Position	7.8	59.4	26.6	61.5	34.4	120.9	(71.5)%
Net Position - Beginning of Year	794.8	735.4	295.4	233.9	1,090.2	969.3	12.5 %
Net Position - Ending of Year	\$ 802.6	\$ 794.8	\$ 322.0	\$ 295.4	\$ 1,124.6	\$ 1,090.2	3.2 %

*Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021*

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

Current year transactions resulted in an increase of \$7.8 million in net position from the prior year. The key elements of this change were as follows:

Revenue Highlights:

- Total revenues before transfers were \$212.6 million, which was \$65.4 million lower than the prior year. Charges for services decreased by \$39.2 million from the prior year while capital grants and contributions were higher by \$3.3 million in comparison to the prior year. Total tax revenue was lower than the prior year due to decline in receipts of TOT, Sales Tax and Construction Taxes due to negative impact of the COVID-19 pandemic on the local economy. The partial shutdown of non-essential businesses as mandated by local and state emergency health orders were in effect most of FY 2020/21.
- Property tax revenues increased by \$9.4 million or 10.2% from the prior year. The growth in this revenue source was due to continued increases in assessed value for all types of property across the City, change of ownership, and new construction. This is the ninth consecutive year in which the property tax revenue continues to increase from the prior year.
- Sales and use tax revenue was lower by \$1.1 million or 4.1% than the prior year. Sales Tax continued with its downward trend due to long-term shifts in consumer point of sales and volatility caused by the COVID-19 pandemic in the short term.
- Other tax revenues decreased by \$13.2 million or 32.8% from the prior year, continuing to reflect a weakened hospitality business economy and decreases in real property transfer transactions. Business License Tax revenue remained stable. Details are shown in the table below (amounts in millions):
- Investment earnings decreased by \$24.5 million, mainly due to low rate of returns and the impact of fair value adjustments.

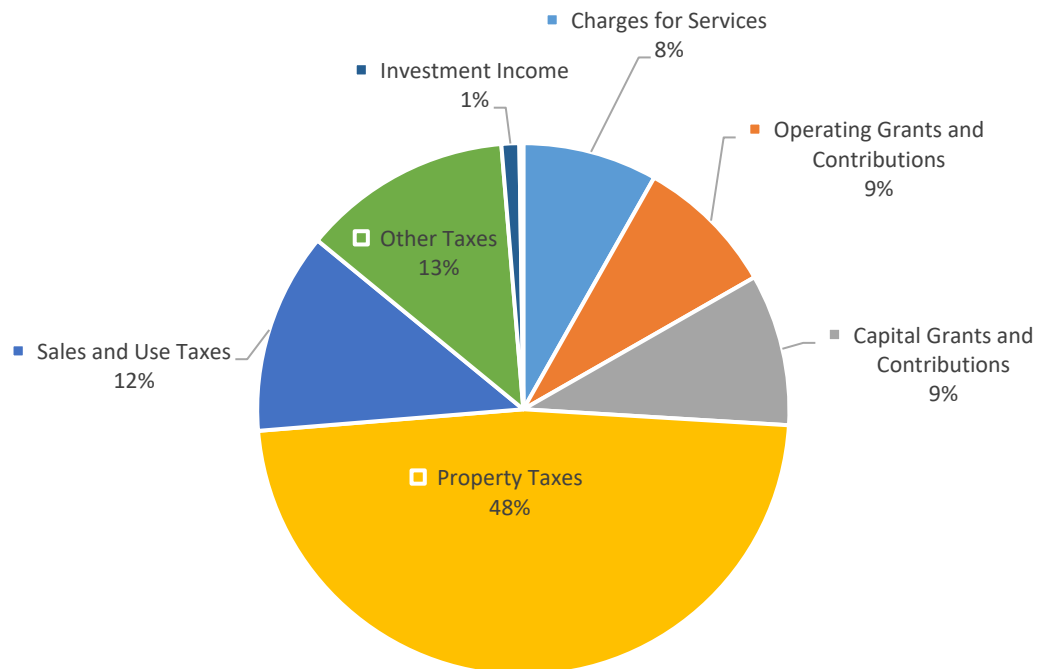
	Total Other Tax Revenues		%
	2021	2020	Change
Transient Occupancy Tax (TOT)	\$ 5.2	\$ 15.9	(67.3)%
Utility Users Tax	8.6	8.3	3.6 %
Construction & Real Property Transfer	4.4	7.0	(37.1)%
Franchise Fees (based on gross receipts)	7.0	7.2	(2.8)%
Business License Tax	1.9	1.9	-
Total	\$ 27.1	\$ 40.3	(32.8)%

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

- Charges for services for governmental activities significantly decreased by \$39.2 million or 69.3% from the previous year primarily due to significant drop in major construction projects for housing and commercial businesses.
- Capital grants and contributions increased by \$3.3 million or 20.2% from the prior year, mainly due to higher grant reimbursements received for transportation improvement projects.

Governmental Activities
Revenues by Source
June 30, 2021



Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expense Highlights - Governmental Activities:

Functional expenses for the years ended June 30, 2021, and 2020 were as follows (amounts in millions):

	<u>Total Expenses</u>		<u>%</u>
	<u>2021</u>	<u>2020</u>	<u>Change</u>
Planning and Management	\$ 19.0	\$ 17.1	11.1 %
Public Safety	113.5	122.8	(7.6)%
Community Development	8.2	22.9	(64.2)%
Public Works	35.5	21.9	62.1 %
Environmental Services	2.7	3.7	(27.0)%
Library and Recreation Services	18.7	19.8	(5.6)%
NOVA Workforce Services	9.0	11.9	(24.4)%
Total	<u>\$ 206.6</u>	<u>\$ 220.1</u>	(6.1)%

Expense for governmental activities (excluding interest on long-term debt) was \$206.6 million, which was \$13.5 million or 6.1% lower than the prior year.

The functional expenses presented in the preceding table consisted 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.

The Planning and Management expenses were higher by \$1.9 million or 11.1% primarily due to higher salaries and benefits costs.

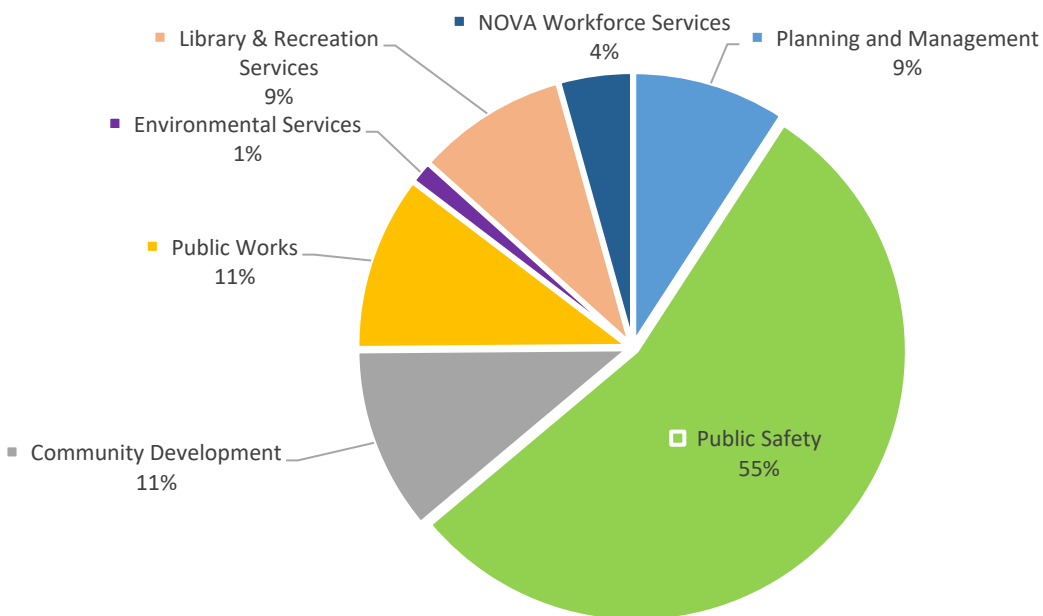
The Public Safety, Environmental Services, Library and Recreation Services, and NOVA Workforce Services expenses decreased by \$9.3 million, 1.0 million, \$1.1 million, and \$2.9 million, respectively, mainly due to lower salary costs resulting from department vacancies.

The Community Development expense was \$14.7 million lower in the current year due to reclassification of neighborhood parks and open space management and urban forestry programs, which are reported as part of Public Works expenses starting current year. Total expenses of these two programs were \$14.1 million in the prior year. Factoring in the impact of the reclassification of these programs' expenses, the current year Community Development expense was consistent with prior year.

The Public Works expense was \$13.6 million higher than the prior year due to the reclassification of two programs discussed in the Community Development expenses outlined above. Factoring in the impact of the reclassification of these programs' expenses, the current year Public Works expense was consistent with prior year.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

Governmental Activities
Expenses by Department
June 30, 2021



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

Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business Type Activities

	<u>Program Revenues</u>			<u>Program Expenses</u>		
	(amounts in millions)		%	(amounts in millions)		%
	<u>2021</u>	<u>2020</u>	<u>Change</u>	<u>2021</u>	<u>2020</u>	<u>Change</u>
Business-Type Activities:						
Water Supply & Distribution	\$ 62.7	\$ 65.0	(3.5)%	\$ 51.1	\$ 50.5	1.2 %
Wastewater Management	50.6	60.9	(16.9)%	33.6	30.5	10.2 %
Solid Waste Management	50.5	52.5	(3.8)%	44.4	45.1	(1.6)%
SMaRT Station	26.5	27.5	(3.6)%	27.1	29.3	(7.5)%
Development	14.5	22.4	(35.3)%	16.4	16.7	(1.8)%
Golf and Tennis Operations	4.7	3.4	38.2 %	5.0	5.9	(15.3)%
Total	<u>\$ 209.5</u>	<u>\$ 231.7</u>	(9.6)%	<u>\$ 177.6</u>	<u>\$ 178.0</u>	(0.2)%

Revenue Highlights:

- Total program revenues in business-type activities decreased by \$22.2 million or 9.6% from the prior year, primarily due to lower connection fees and development-related fee revenues as major construction projects were on hold or scaled back.
- While solid waste and recycling services water rates remained relatively the same as the prior year, the utility rate increase was 4% for wastewater services. The rate increase was necessary to cover higher costs of operations and maintenance and rehabilitation of infrastructure, which is in progress and will continue into future years.
- Wastewater Management revenue was lower by \$10.3 million or 16.9% mainly due to a significant drop in connection fees revenue due to low construction activities when compared to the prior year.
- Development revenue was lower by \$7.9 million or 35.3% mainly due to decrease in activities as major construction projects were on hold or scaled back.
- Golf and Tennis operation revenue increased by \$1.3 million or 38.2% due to higher activity and increased service fee in comparison to the prior year.

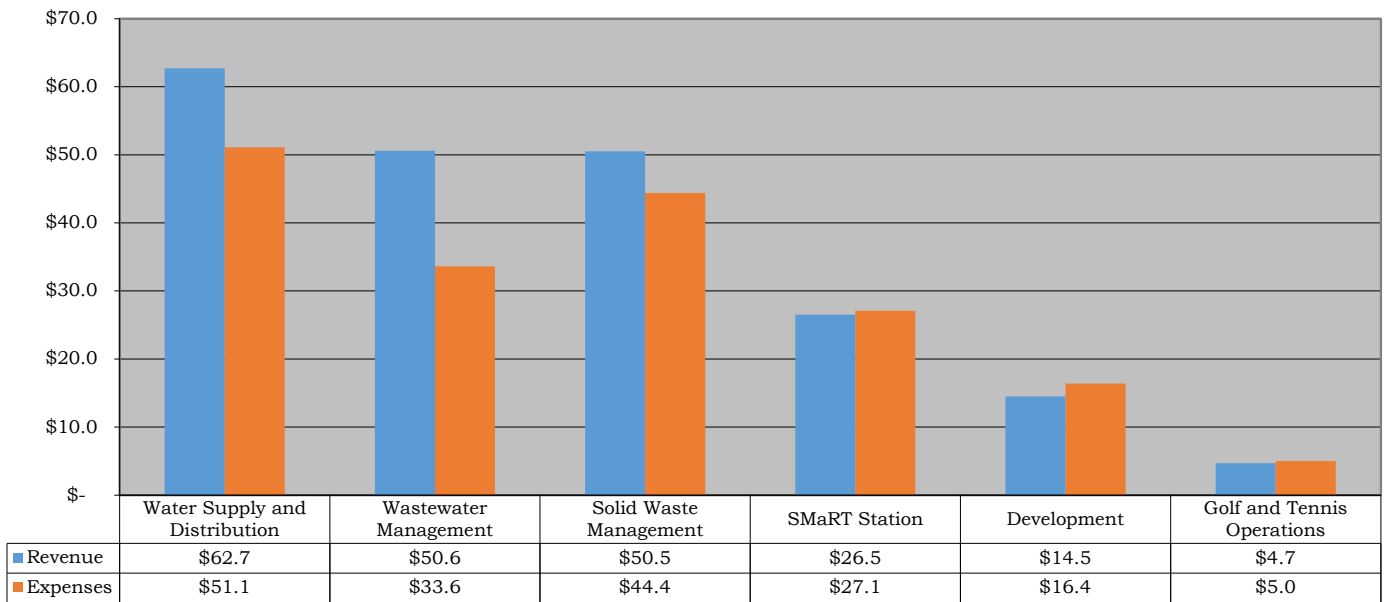
Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expense Highlights:

- Total expenses in business-type activities was lower by \$0.4 million over the prior year. Solid Waste Management, SMaRT Station, Development, and Golf and Tennis Operations Funds all had lower expenses in comparison to the prior year.
- Wholesale water purchase costs were higher by \$1.1 million in comparison to the prior year. Increased costs were mainly due to higher rates charged by the suppliers.
- Wastewater Management had higher contractual services costs mainly due to increases of sewer infrastructure repairs when compared to prior year.

Business-Type Activities
Program Revenues and Expenses (Amounts in Millions)
June 30, 2021



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, 2021

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, 2021, the City's governmental funds reported a combined fund balance of \$627.6 million, an increase of \$91.1 million or 17.0% from the prior year. Approximately \$45.5 million or 7.2% 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 (\$3.2 million), 2) legally required to be maintained intact (\$1.6 million), 3) restricted for particular purposes (\$425.6 million), 4) committed for particular purposes (\$80.1 million) or 5) assigned for particular purposes (\$71.6 million).

Increases to the fund balance came from Property Tax revenue (\$9.5 million) and intergovernmental revenue (\$9.4 million) and proceeds from 2020 Lease Revenue Bonds issuance (\$150.8 million). The increases are offset by the decrease in services fees (\$38.8 million), decrease in investment earnings (\$21.8 million), and increases of expenditures of \$47.5 million, which mainly consisted of increases in capital outlay expenditures (\$33.1 million) including bond proceeds spent on Civic Center construction (\$42.1 million). Planning and Management and Public Safety had higher expenditures by \$4.7 million over the prior year mainly due to higher salaries and benefits costs, while debt service expenditures increased by \$11.6 million mainly due to the repayment of remaining outstanding principal of 2009 COPs 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 \$130.1 million, of which \$46.2 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 \$174.8 million. Unassigned fund balance represented 26.4% and total fund balance represented 74.4% 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, 2021

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

The General Fund's fund balance increased by \$4.0 million during the year. Expenditures exceeded revenues by \$3.6 million. Transfers to other funds were \$6.2 million, compared to transfers of \$13.7 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 \$171.3 million, which was \$13.1 million lower than prior year. Property Tax and Intergovernmental Revenues increased by \$9.5 million and \$2.4 million, respectively, yet they were offset by decreases in Sales Tax, Other Taxes, Service Fees, and Investment Earnings revenues totaling to \$23.8 million. Refer to the revenue highlights in the preceding section about government-wide analysis for additional details.

Total General Fund expenditures were \$174.8 million, which was \$2.7 million lower than the prior year. The Public Safety function spent \$2.3 million more than prior year as the City continued with increased efforts in recruitment and training and staffing for public safety services. Additionally, the Planning and Management function spent \$3.0 million more than prior year while Capital Outlay expenditures were lower by \$5.1 million over the prior year.

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 \$2.6 million. Total revenue and total expenditures were \$2.6 million and \$1.0 million, respectively. The fund received a transfer in of \$1.0 million from the Low- and Moderate-Income Housing Asset Nonmajor Fund to redevelop a City property into an affordable housing complex. During FY 2020/21, new housing loans in the amount of \$0.9 million were disbursed. Services fees decreased by \$8.8 million primarily due to significant drop in major construction projects for housing and commercial businesses.

Park Dedication Special Revenue Fund

The Park Dedication Fund accounts for funds that developers contribute towards the acquisition, construction, or renovation of neighborhood parks. Total revenue was \$4.6 million. This fund had capital outlay expenditures of \$14.6 million, which included capital costs for the Washington Community Swim Center renovation (\$3.5 million), Fair Oaks Park renovation and enhancements, including an all-inclusive playground (\$6.5 million), and parks-related construction costs for the new Civic Center (\$3.7 million). Transfers to other City funds for park-related projects amounted to \$7.3 million. The transferred funds are to cover expenditures of several projects associated with renovation, rehabilitation, and improvements of the City parks facilities. This fund had a decrease in fund balance of \$17.4 million. Services fees decreased by \$21.5 million primarily due to significant drop in major construction projects for housing and commercial businesses.

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 both requirements.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

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 a decrease in its fund balance of \$4.3 million. Total revenues were lower than expenditures by \$2.6 million. This Fund received transfers in of \$4.2 million, primarily from the General Fund and Park Dedication Special Revenue Fund to improve and enhance general use capital assets and park and community improvement projects. The Fund has capital outlay expenditures of \$16.4 million, which included capital costs for Fair Oaks Avenue Overhead Bridge repair and improvements, Washington Community Swim Center renovation and enhancements, and several other traffic signal timing and pedestrian safety improvement projects. Services fees decreased by \$6.6 million primarily due to significant drop in major construction projects for housing and commercial businesses.

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. The fund had a decrease of \$1.2 million in its fund balance from the prior year and received transfers of \$10.4 million. Several Governmental Funds made transfers totaling \$10.4 million to improve and enhance City capital assets and equipment. The fund balance is committed and 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 activities of the usage of 2020 Lease Revenue Bonds proceeds for the Civic Center Modernization Project. During Fiscal Year 2020/21, the fund received bond proceeds of \$150.8 million, including a premium of \$19.6 million. The fund had capital outlay expenditures of \$42.1 million, which were exclusively for the construction of the new Civic Center.

Proprietary Funds

The fund financial statements for the City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The major factors concerning these funds have already been addressed in the government-wide financial analysis of business-type activities.

Water Supply and Distribution Enterprise Fund

The Water Supply and Distribution Enterprise Fund's net position increased by \$10.7 million. Charges for services were lower by \$3.3 million comparing with the prior year mainly due to drop in connection fees revenue due to low construction activities when compared to the prior year. Operating expenses had an increase of \$0.7 million from the prior year, which was primarily due to increased water purchased resale costs and were offset by a decrease in contractual services. Noncash capital contributions were \$1.3 million. The Fund's net income before contributions and transfers was \$10.8 million.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

Wastewater Management Enterprise Fund

The Wastewater Management Enterprise Fund's net position increased by \$14.5 million. The fund's net income before contributions and transfers was \$16.7 million. Noncash capital contributions were \$0.3 million. A net amount of \$2.6 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 fees 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 from the prior year. Service revenue decreased by \$2.0 million and operating expenses were lower by \$0.8 million over the prior year.

The Fund's net income before contributions and transfers was \$6.1 million, which was lower by \$2.3 million from the prior year. \$3.2 million was transferred out for facility and project support and \$0.5 million was transferred to the SMaRT Station Enterprise Fund to pay debt service. At year end, the balance of the advances from other funds was \$9.8 million and landfill closure and postclosure costs was \$6.5 million.

SMaRT Station Enterprise Fund

The SMaRT Station Enterprise Fund's net position decreased \$0.3 million from the prior year. The fund had an operating loss of \$0.6 million due to low demand for services, as businesses were partially shut down during the year. The fund's net loss before transfers was \$0.6 million. The fund received a transfer of \$0.5 million from the Solid Waste Management Enterprise Fund for its share of debt service.

Development Enterprise Fund

The Development Enterprise Fund's net position was \$38.5 million, a decrease of \$2.3 million from the prior year. The development activity was on a slow pace during the year due to the economic impact of COVID-19. Charges for services were \$14.5 million, which was \$8.0 million lower than the prior year due to a significant drop in the multiple dwelling units and commercial development projects. The fund's expenses amounted to \$16.5 million, which remained almost the same as the prior year.

Operating expenses involve the administration and regulation of development-related activity, which comprises 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 \$1.4 million from the prior year. The fund's operating loss before transfers was \$0.3 million. Net transfers from the General Fund were \$1.7 million, which supplemented the operational expenses. Revenues increased by \$1.3 million mainly due to increases in golf rounds during the COVID-19 pandemic.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

Fiduciary Funds

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

- The Other Postemployment Benefit Trust Fund maintains fiduciary assets of the City's Retiree Healthcare Plan, which had an increase of \$34.3 million in net position. The City made a direct contribution of \$3.6 million to the Plan. Net investment income from the Plan assets was \$30.8 million, of which net appreciation of value of investments was \$28.5 million.
- The Private-Purpose Trust Funds primarily account for the Redevelopment Successor Agency (RSA), which had a deficit net position of \$11.4 million at June 30, 2021. The deficit decreased by \$3.2 million when compared to prior year's deficit of \$14.6 million. The RSA also received \$4.1 million from the County Redevelopment Property Tax Trust Fund to pay for its enforceable obligations.
- As of July 1, 2020, the City implemented GASB Statement No. 84, *Fiduciary Activities*. The City evaluated all funds and activities in accordance with this statement and determined that the activities of the CFD No. 1, SCVURPPP, and NOVAworks Foundation previously treated as agency funds are now reported as custodial funds and restated the total net position in the amount of \$6.1 million to establish the custodial funds.

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.

Final appropriations, including transfers to other funds, for fiscal year 2020/21 were \$244.8 million an increase of \$43.0 million from the original appropriations of \$201.8 million when prior year carryover is included. This increase reflects net changes to appropriations associated with adjustments during the FY 2021/22 budget development process, appropriation modifications, and carryovers. Actual charges to appropriations (outflows) for the current fiscal year were \$9.4 million under the original budget and \$52.4 million under the final amended budget. Variations between the original and final amended appropriations are explained in the Required Supplementary Information. Actual cost savings in operating programs were \$4.0 million and project and equipment appropriations (including transfers) of \$48.4 million contributed to the \$52.4 million positive variance. Approximately \$45.4 million in appropriations will not lapse at the end of the fiscal year as projects continue.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

E. GENERAL FUND BUDGETARY HIGHLIGHTS, Continued

Resources (inflows) available for appropriations were \$11.6 million over the original budget when proceeds of property sale, transfers, and interfund revenues are excluded while actual revenue was \$7.4 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 \$14.1 million of American Rescue Plan Act (ARPA) funding to offset the economic impacts of the COVID-19 pandemic in the final revenue budget.

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, 2021, the City reported capital assets with carrying value of \$620.9 million under governmental activities and \$305.6 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.

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 2020/21, was 77. 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, 2021 was \$13.6 million. Actual expenditures were \$10.1 million. These expenditures delayed deterioration and helped maintain the overall condition of the streets at a PCI level meeting the City's goal.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

F. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued

The following is a summary of the City's capital assets as of June 30, 2021 (amounts in millions).

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Carrying Value</u>
Capital Assets - Governmental Activities:			
Land	\$ 144.1	\$ -	\$ 144.1
Buildings and Structures	122.8	70.8	52.0
Improvements Other than Buildings	146.8	67.2	79.6
Machinery and Equipment	52.3	34.6	17.7
Construction in Progress	124.3	-	124.3
Infrastructure:			
Nondepreciable	168.5	-	168.5
Depreciable	103.8	69.1	34.7
Total	<u>\$ 862.6</u>	<u>\$ 241.7</u>	<u>\$ 620.9</u>
Capital Assets - Business-Type Activities:			
Land	\$ 16.5	\$ -	\$ 16.5
Buildings and Structures	23.4	22.8	0.6
Improvements Other than Buildings	48.8	41.9	6.9
Machinery and Equipment	8.1	6.5	1.6
Construction in Progress	177.1	-	177.1
Infrastructure - Depreciable	209.3	106.4	102.9
Total	<u>\$ 483.2</u>	<u>\$ 177.6</u>	<u>\$ 305.6</u>

During the year, the City recorded capital contributions from external sources. Developers contributed capital assets (streets, easements, traffic signals, and lights) with estimated acquisition value of \$2.0 million to governmental activities. Developers also contributed infrastructure assets of a combined \$1.7 million to the water supply and distribution system and wastewater management system.

There were several capital projects which were still in progress at year end. Amounts capitalized for major capital projects in progress were significant for the wastewater management system and included \$28.9 million for costs of a major project for the construction of new primary treatment facilities at the Water Pollution Control Plant and for all phases of Sunnyvale Clean Water Program. Other projects in progress included \$53.0 million for the Phase I construction of the new Civic Center, \$7.3 million for Washington Community Swim Center renovation and enhancements, \$10.6 million for Fair Oaks Park Overhead Bridge improvements, and \$6.5 million for Fair Oaks Park renovation and enhancements. Note 15 presents schedules of outstanding construction commitments for the construction in progress, which also include construction contracts signed as of June 30, 2021. 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.

*Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021*

F. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued

Long-Term Obligations

As of June 30, 2021, 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 2021 and 2020 are presented in the schedule below (amounts in millions).

	Governmental		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Certificates of Participation	\$ 2.4	\$ 13.4	\$ -	\$ -	\$ 2.4	\$ 13.4
Revenue Bonds	150.4	-	37.7	40.3	188.1	40.3
Note Payable	-	-	106.0	82.0	106.0	82.0
Total Bonded Debt	\$ 152.8	\$ 19.4	\$ 143.7	\$ 122.3	\$ 296.5	\$ 135.7

During current year, the Sunnyvale Financing Authority issued the 2020 Lease Revenue Bonds to finance a large part of the construction costs of the first phase of the City’s Civic Center Modernization Project. The bond proceeds totaled \$150.8 million, including a premium of \$19.6 million. The 2009 COPs were retired early in December 2020 and the outstanding balance of \$9.7 million was paid off.

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

G. ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

The budget for FY 2021/22, adopted on June 15, 2021, is balanced in both the short- and long-term. The Adopted Budget focuses on the City’s projects by allocating resources to key projects in support of the City’s General Plan goals and City Council’s strategic priorities. The budget strives to maintain core service levels and strategic initiatives while balancing continued economic uncertainty due to the COVID-19 pandemic.

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. Additionally, the FY 2021/22 budget:

- Extends select cost-savings measures from the FY 2020/21 budget (e.g., position freezes)
- Takes some budget reductions permanent (travel and training reductions, etc.)
- Incorporates ARPA Funding of \$28.1 million over two years
- Includes assumptions for economic recovery over the 20-year planning period
- Maintains the City’s project portfolio with no new large projects or eliminated projects

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

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

Reduced revenue projections and potential volatility as a result of the pandemic have moderated investments in projects needed to sustain and improve public services. For example, the City reduced growth projections in Sales Tax and Transient Occupancy Tax, dropping them by \$31.5 million over ten years and \$80.4 million over twenty years. Further, \$28.1 million in from the ARPA was critical to balance the General Fund. Without it, The City would have been forced to implement deep spending reductions. With it, some service level reductions were still necessary.

The volatility expressed in the City's sales tax and TOT, continues to be significant. Other revenues, such as utility revenues, Utility Users Tax, and business license tax have been affected to a lesser extent. While recovery is underway, it remains to be seen what the ultimate long-term impact of the pandemic will be on the City's revenue sources. The Adopted Budget includes best estimates given the shifting trends and data available.

The City continues to benefit from multi-year growth in Property Tax revenues with consecutive increases in the taxable base for the past decade. Robust economic cycles have helped the City keep property revenue projections at unprecedented levels. However, negative impacts to property tax often lag economic recovery. Therefore, lower assumptions for property tax revenue are included in anticipation of slower growth beginning in FY 2021/22.

Since the start of the pandemic, the City has prioritized maintaining core services at or close to pre-pandemic levels. To that end, the City has pivoted to organizing and managing a remote work environment with some major adjustments to continue service delivery:

- The City Clerk's Office changed the City Council, Board and Commission to a virtual format
- Various departments began hosting remote community outreach meetings
- The Department of Public Works simplified the permitting process for outdoor dining
- The Community Development Department transitioned from an in-person Below Market Rate application process to an electronic process
- The Human Resources Department transitioned to online recruitment efforts and remote hiring interviews
- Library and Recreation Services provided Chromebooks through lending and other programs as well as increased downloadable materials to help bridge the digital divide

While responding to the impacts of the COVID-19 pandemic might have been the impetus for some of these changes, it is anticipated many of these service delivery changes will continue post-pandemic. The costs and benefits of a hybrid (in person and virtual) service delivery environment were considered in development of the FY 2021/22 budget.

The FY 2021/22 budget also invests in furthering the City's equity, access, and inclusion efforts with over \$0.1 million planned annually across the 20-year planning period as well as adding a Manager of Equity, Access, and Inclusion to the City Manager's Office. The most significant continued investment is in the recruitment and training of public safety officers, which is essential to maintaining emergency response times at the current level, for which \$109.8 million is planned 20 years. More importantly, almost \$38 million of that is planned in the near-term while ongoing funding was increased to move towards fully funding the historical attrition rate.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

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

Additionally, the FY 2021/22 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 between 2.5% to 4% annually (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, and maintaining reserves to fund long-term pension and healthcare liabilities. For FY 2021/22, the City is projected to contribute \$52 million for pensions to CalPERS. That is anticipated to increase to \$79 million in about 10 years, an approximate 52% increase in cost. The funding ratios of City's two plans, Safety and Miscellaneous, are approximately 67.4% and 70.7%, respectively, as of June 30, 2020 measurement date. For the FY 2021/22 budget, employer contribution rates are set at 63% for the Safety Plan and 35% 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 newly established 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 pre-fund 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 due to retirements and other factors. Employees in skilled positions with public sector experience are in high demand and the market is very 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. However, these additional resources only begin to temporarily address the gap between workload and staff capacity. As demands continue to pressure our existing assets, the City will continue to look to strategically add resources to meet targeted service level requirements.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2021

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

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 \$850 million over twenty years. 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 2021/22 budget also includes a project to develop a stormwater strategic plan and funding options.

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 City has maintained cost assumptions based on recent market conditions for infrastructure projects, such as the Lakewood Branch Library and park renovation projects. In addition, the City was able to take advantage of favorable market conditions for financing the Civic Center Modernization project with construction underway. The FY 2021/22 budget also includes a project for 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.

Other risks:

- Lingering COVID-19 pandemic and persistent economic uncertainty
- Inflationary environment potentially impacting interest rates, exacerbating spending pressures, and reducing purchasing power
- Continued or possibly permanent shift in the economy affecting Sales Tax and TOT
- Economic impact of climate change (i.e., drought, wildfires, etc.)

In summary, the City is committed to meet essential service level requirements in a shifting regulatory environment and continues investment in key projects needed to sustain core public services. Uncertainty with revenue, increasing pension costs due to market instability, deferred infrastructure improvements, and recruitment and retention of employees will continue to present challenges. To the extent possible, these pressures, while manageable, should be taken in context together through the City's budget process. Balancing priorities will continue to be critical in developing the budget going forward to ensure balance and 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.

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Government-Wide Financial Statements

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Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Deposits and Investments Held by City (Note 3)	\$ 240,003,954	\$ 227,587,027	\$ 467,590,981
Receivables, Current (Note 4)	10,856,195	25,175,969	36,032,164
Inventories and Prepaid Items (Note 1)	1,428,256	209,079	1,637,335
Assets Held for Resale (Note 1)	1,381,077	-	1,381,077
Long-term Receivables from Employees (Note 6)	4,268,982	-	4,268,982
Service Concession Arrangement Receivable (Note 1)	-	1,643,721	1,643,721
Internal Balances (Note 10)	12,405,552	(12,405,552)	-
Restricted Assets:			
Deposits and Investments Held by City (Note 3)	269,328,696	10,184,819	279,513,515
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	154,977,175	4	154,977,179
Receivables, Current (Note 4)	2,110,852	-	2,110,852
Intergovernmental Receivables (Note 5)	12,299,597	2,423,463	14,723,060
Housing Deficits Receivable (Note 20)	3,589,301	-	3,589,301
Housing Loans Receivable, Net (Note 7)	67,797,101	-	67,797,101
Capital Assets (Note 11):			
Land and Nondepreciable Assets	436,839,524	193,573,006	630,412,530
Depreciable Assets, Net	184,036,966	111,987,037	296,024,003
Total Assets	1,401,323,228	560,378,573	1,961,701,801
Deferred Outflows of Resources (Note 9)	63,782,560	10,217,594	74,000,154
Liabilities:			
Wages Payable	4,696,197	-	4,696,197
Accounts Payable and Accrued Liabilities	26,979,589	22,831,998	49,811,587
Refundable Deposits	2,043,606	1,676,586	3,720,192
Interest Payable	1,293,856	3,184,212	4,478,068
Unearned Revenues (Note 8)	20,895,650	278,148	21,173,798
Noncurrent Liabilities:			
Due within One Year - Long-term Obligations (Note 12)	19,628,799	5,389,966	25,018,765
Due in More than One Year:			
Long-term Obligations (Note 12)	176,440,973	146,188,205	322,629,178
Net Pension Liability (Note 16)	342,908,713	54,171,375	397,080,088
Net OPEB Liability (Note 17)	50,779,664	11,054,930	61,834,594
Total Liabilities	645,667,047	244,775,420	890,442,467
Deferred Inflows of Resources (Note 9)	16,788,077	3,863,458	20,651,535
Net Position (Note 19):			
Net Investment in Capital Assets	578,405,214	161,881,812	740,287,026
Restricted for:			
Capital Projects	86,630,185	-	86,630,185
Housing	137,546,656	-	137,546,656
Park Dedication	85,589,228	-	85,589,228
Public Streets and Highways	13,822,553	-	13,822,553
Law Enforcement	1,148,045	-	1,148,045
Other City Programs	2,173,422	5,270,934	7,444,356
Nonexpendable Permanent Funds Principal and Endowment	2,174,131	-	2,174,131
Total Restricted Net Position	329,084,220	5,270,934	334,355,154
Unrestricted Net Position	(104,838,770)	154,804,543	49,965,773
Total Net Position	\$ 802,650,664	\$ 321,957,289	\$ 1,124,607,953

See Accompanying Notes to the Basic Financial Statements

Statement of Activities
Year Ended June 30, 2021

Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Planning and Management	\$ 18,959,038	\$ 722,193	\$ 2,434,193	\$ -	\$ 3,156,386
Public Safety	113,534,890	3,441,499	905,119	441,247	4,787,865
Community Development	8,181,561	8,438,241	1,899,154	-	10,337,395
Public Works	35,464,220	2,723,865	3,427,619	19,162,771	25,314,255
Environmental Services	2,667,800	-	265,200	-	265,200
Library and Recreation Services	18,698,348	2,092,692	281,921	-	2,374,613
NOVA Workforce Services	9,040,498	-	8,938,596	10,758	8,949,354
Interest on Long-term Debt	3,812,961	-	-	-	-
Total Governmental Activities	210,359,316	17,418,490	18,151,802	19,614,776	55,185,068
Business-Type Activities:					
Water Supply and Distribution	51,097,594	61,433,180	-	1,305,700	62,738,880
Wastewater Management	33,634,944	50,283,123	-	347,900	50,631,023
Solid Waste Management	44,396,641	50,449,548	-	-	50,449,548
SMaRT Station	27,069,770	26,490,814	-	-	26,490,814
Development	16,435,573	14,470,189	-	-	14,470,189
Golf and Tennis Operations	4,986,743	4,700,647	-	-	4,700,647
Total Business-Type Activities	177,621,265	207,827,501	-	1,653,600	209,481,101
Total Primary Government	\$ 387,980,581	\$ 225,245,991	\$ 18,151,802	\$ 21,268,376	\$ 264,666,169
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
\$ (15,802,652)	\$ -	\$ (15,802,652)
(108,747,025)	-	(108,747,025)
2,155,834	-	2,155,834
(10,149,965)	-	(10,149,965)
(2,402,600)	-	(2,402,600)
(16,323,735)	-	(16,323,735)
(91,144)	-	(91,144)
(3,812,961)	-	(3,812,961)
<u>(155,174,248)</u>	<u>-</u>	<u>(155,174,248)</u>
-	11,641,286	11,641,286
-	16,996,079	16,996,079
-	6,052,907	6,052,907
-	(578,956)	(578,956)
-	(1,965,384)	(1,965,384)
-	(286,096)	(286,096)
<u>-</u>	<u>31,859,836</u>	<u>31,859,836</u>
<u>(155,174,248)</u>	<u>31,859,836</u>	<u>(123,314,412)</u>
101,528,104	-	101,528,104
25,905,413	-	25,905,413
6,979,663	-	6,979,663
8,590,351	-	8,590,351
5,192,090	-	5,192,090
1,970,280	-	1,970,280
2,454,169	-	2,454,169
1,922,860	-	1,922,860
<u>154,542,930</u>	<u>-</u>	<u>154,542,930</u>
2,304,725	304,132	2,608,857
568,259	-	568,259
5,588,506	(5,588,506)	-
<u>163,004,420</u>	<u>(5,284,374)</u>	<u>157,720,046</u>
7,830,172	26,575,462	34,405,634
<u>794,820,492</u>	<u>295,381,827</u>	<u>1,090,202,319</u>
<u>\$ 802,650,664</u>	<u>\$ 321,957,289</u>	<u>\$ 1,124,607,953</u>

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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, 2021**

	Major Funds		
	General Fund	Housing Special Revenue	Park Dedication Special Revenue
Assets:			
Deposits and Investments Held by City (Note 3)	\$ 115,331,045	\$ 60,005,513	\$ 87,245,574
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	1,308,033	-	-
Receivables, Current (Note 4)	9,674,296	226,104	393,219
Intergovernmental Receivables (Note 5)	1,567,071	-	-
Due From Other Funds (Note 10)	28,349,163	-	-
Advances to Other Funds (Note 10)	15,090,428	-	-
Inventories and Prepaid Items (Note 1)	611,843	-	-
Long-term Receivables from Employees (Note 6)	979,268	-	-
Housing Deficits Receivable (Note 20)	-	-	-
Housing Loans Receivable (Note 7)	-	42,842,216	-
Assets Held for Resale (Note 1)	1,101,077	280,000	-
Total Assets	<u>\$ 174,012,224</u>	<u>\$ 103,353,833</u>	<u>\$ 87,638,793</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 3,293,435	\$ 20,695	\$ 2,049,565
Refundable Deposits	1,928,438	40,000	-
Due to Other Funds (Note 10)	-	-	-
Unearned Revenue (Note 8)	20,860,350	-	-
Total Liabilities	<u>26,082,223</u>	<u>60,695</u>	<u>2,049,565</u>
Deferred Inflows of Resources (Note 9)	<u>17,783,530</u>	<u>3,675,473</u>	<u>-</u>
Fund Balances (Note 19):			
Nonspendable	3,202,667	-	-
Restricted	3,102,129	99,617,665	85,589,228
Committed	77,605,982	-	-
Assigned	-	-	-
Unassigned	46,235,693	-	-
Total Fund Balances	<u>130,146,471</u>	<u>99,617,665</u>	<u>85,589,228</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 174,012,224</u>	<u>\$ 103,353,833</u>	<u>\$ 87,638,793</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		
\$ 81,792,092	\$ 77,123,772	\$ 874,000	\$ 22,956,018	\$ 445,328,014
-	-	144,005,555	-	145,313,588
646,686	252,847	723	767,974	11,961,849
8,258,818	-	-	2,473,708	12,299,597
-	-	-	-	28,349,163
-	-	-	-	15,090,428
-	-	-	-	611,843
-	-	-	-	979,268
-	-	-	3,589,301	3,589,301
-	-	-	24,954,885	67,797,101
-	-	-	-	1,381,077
<u>\$ 90,697,596</u>	<u>\$ 77,376,619</u>	<u>\$ 144,880,278</u>	<u>\$ 54,741,886</u>	<u>\$ 732,701,229</u>
\$ 3,975,111	\$ 3,307,257	\$ 9,411,000	\$ 3,491,009	\$ 25,548,072
65,000	-	27,520,000	-	2,033,438
-	-	-	829,163	28,349,163
27,300	-	-	8,000	20,895,650
<u>4,067,411</u>	<u>3,307,257</u>	<u>36,931,000</u>	<u>4,328,172</u>	<u>76,826,323</u>
158,692	-	-	6,646,529	28,264,224
-	-	-	1,625,589	4,828,256
86,471,493	-	107,949,278	42,891,255	425,621,048
-	2,486,416	-	-	80,092,398
-	71,582,946	-	-	71,582,946
-	-	-	(749,659)	45,486,034
<u>86,471,493</u>	<u>74,069,362</u>	<u>107,949,278</u>	<u>43,767,185</u>	<u>627,610,682</u>
<u>\$ 90,697,596</u>	<u>\$ 77,376,619</u>	<u>\$ 144,880,278</u>	<u>\$ 54,741,886</u>	<u>\$ 732,701,229</u>

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**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2021**

Total Fund Balances - Total Governmental Funds	\$ 627,610,682
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, 2021, capital assets used by governmental activities excluding \$30,338,654 of capital assets used by Internal Service Funds.	590,537,836
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 \$35,562,378 less amount owed by business-type activities for internal service funds activities of \$2,684,876 at year end).	32,877,502
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	15,090,428
Interest accrued on receivables from employees	38,063
Long-term receivables from special capital assessments	15,742
Unpaid administrative citations placed on tax roll	42,500
Proposition 172 revenue	184,490
State, County, and other agency cost reimbursements	1,388,558
Long-term housing loans interest portion	10,176,303
Eligible expenditures to be reimbursed by grants	304,391
Bonds payable is not reported as fund liabilities.	(152,820,554)
Interest payable on bonds, not due and payable in the current period, is not reported in the funds.	(1,293,856)
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	(319,368,556)
Deferred outflows of resources related to pension	44,405,984
Deferred inflows of resources related to pension	(668,790)
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	(46,287,420)
Deferred outflows of resources related to OPEB	13,844,629
Deferred inflows of resources related to OPEB	(13,427,268)
Net Position of Governmental Activities	<u><u>\$ 802,650,664</u></u>

CITY OF SUNNYVALE

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2021**

	Major Funds		
	General Fund	Housing Special Revenue	Park Dedication Special Revenue
Revenues:			
Property Taxes	\$ 101,296,792	\$ -	\$ -
Sales and Use Taxes	25,905,413	-	-
Other Taxes	20,129,751	-	-
Franchise Fees	6,979,663	-	-
Intergovernmental Revenues	3,897,036	-	-
Permits and Licenses	1,894,016	-	-
Fines and Forfeitures	733,199	-	-
Special Assessments	6,055	-	-
Service Fees	3,787,943	2,008,648	4,203,104
Rents and Concessions	886,130	404,288	-
Interest Received from Interfund Advances	4,419,817	-	-
Investment Earnings	577,225	75,438	360,270
Other Revenues	743,750	133,159	-
Total Revenues	171,256,790	2,621,533	4,563,374
Expenditures:			
Current:			
Planning and Management	16,020,020	-	-
Public Safety	109,250,691	-	-
Community Development	1,897,084	985,402	79,995
Public Works	23,125,917	4,924	-
Environmental Services	2,410,685	-	-
Library and Recreation Services	18,270,225	-	-
NOVA Workforce Services	-	-	-
Capital Outlay	2,598,145	234	14,597,570
Debt Service:			
Principal Retirement	1,095,000	-	-
Interest	147,375	-	-
Fiscal Charges	2,500	-	-
Total Expenditures	174,817,642	990,560	14,677,565
Excess (Deficiency) of Revenues Over (Under) Expenditures	(3,560,852)	1,630,973	(10,114,191)
Other Financing Sources (Uses):			
Bonds Issued	-	-	-
Bonds Premium	-	-	-
Transfers In (Note 18)	13,696,783	1,000,000	-
Transfers Out (Note 18)	(6,174,023)	(11,841)	(7,331,012)
Total Other Financing Sources (Uses)	7,522,760	988,159	(7,331,012)
Net Change in Fund Balances	3,961,908	2,619,132	(17,445,203)
Fund Balances, Beginning of Year	126,184,563	96,998,533	103,034,431
Fund Balances, End of Year	\$ 130,146,471	\$ 99,617,665	\$ 85,589,228

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		
\$ -	\$ -	\$ -	\$ -	\$ 101,296,792
-	-	-	-	25,905,413
-	-	-	-	20,129,751
-	-	-	-	6,979,663
10,966,725	-	-	21,110,945	35,974,706
-	-	-	-	1,894,016
-	-	-	-	733,199
-	-	-	-	6,055
2,890,440	-	-	187,762	13,077,897
-	-	-	-	1,290,418
-	-	-	-	4,419,817
(310,716)	416,539	2,448	(135,498)	985,706
-	-	-	404,263	1,281,172
<u>13,546,449</u>	<u>416,539</u>	<u>2,448</u>	<u>21,567,472</u>	<u>213,974,605</u>
-	-	-	-	16,020,020
-	-	-	216,297	109,466,988
-	-	-	2,335,197	5,297,678
55,556	20,432	-	1,519,806	24,726,635
-	-	-	-	2,410,685
-	-	-	-	18,270,225
-	-	-	9,130,094	9,130,094
16,109,390	10,692,160	42,056,840	5,771,300	91,825,639
-	-	-	9,650,000	10,745,000
-	-	-	1,956,723	2,104,098
-	-	833,590	39,311	875,401
<u>16,164,946</u>	<u>10,712,592</u>	<u>42,890,430</u>	<u>30,618,728</u>	<u>290,872,463</u>
<u>(2,618,497)</u>	<u>(10,296,053)</u>	<u>(42,887,982)</u>	<u>(9,051,256)</u>	<u>(76,897,858)</u>
-	-	131,200,000	-	131,200,000
-	-	19,637,260	-	19,637,260
4,157,762	10,364,414	-	11,739,429	40,958,388
(5,888,343)	(1,221,596)	-	(3,165,315)	(23,792,130)
<u>(1,730,581)</u>	<u>9,142,818</u>	<u>150,837,260</u>	<u>8,574,114</u>	<u>168,003,518</u>
<u>(4,349,078)</u>	<u>(1,153,235)</u>	<u>107,949,278</u>	<u>(477,142)</u>	<u>91,105,660</u>
<u>90,820,571</u>	<u>75,222,597</u>	<u>-</u>	<u>44,244,327</u>	<u>536,505,022</u>
<u>\$ 86,471,493</u>	<u>\$ 74,069,362</u>	<u>\$ 107,949,278</u>	<u>\$ 43,767,185</u>	<u>\$ 627,610,682</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, 2021**

Net Change in Fund Balances - Total Governmental Funds	\$ 91,105,660
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	82,944,635
Depreciation recorded in the current period - governmental activities	(9,419,888)
Contributions of capital assets are not recorded in the governmental funds	2,023,199
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	568,259
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	720,199
Interest accrued on loans to employees	(56,616)
Administrative citation placed on tax roll	(1,900)
Various cost sharing	53,458
Various grants	(1,675,155)
Proposition 172 revenue	39,111
Repayment of principal on the bonds is reported in the fund as expenditures.	10,745,000
Bond Proceeds	(150,837,260)
Amortization of Bond Premium	416,706
This amount represents the change in accrued interest on bonds payable from prior year.	(1,250,168)
Internal Service Funds are primarily to serve governmental activities. The change in net position of the Internal Service Funds is reported with governmental activities.	(9,367,622)
This amount represents the portion of change in Internal Service Fund net position attributable to business-type activities. Business-type activities paid \$484,473 for internal services during the year. At year end, the internal service lookback adjustment was determined to be \$397,552.	(86,921)
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.	(7,301,490)
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.	3,630,782
Change in Net Position of Governmental Activities	\$ 7,830,172

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, 2021**

	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)	\$ 76,375,447	\$ 70,804,383	\$ 19,274,089
Receivables, Net (Note 4)	9,942,004	7,574,126	7,389,754
Intergovernmental Receivables (Note 5)	-	5,979	242,157
Advances to Other Funds (Note 10)	-	243,616	-
Inventories and Prepaid Items (Note 1)	142,860	8,894	-
Restricted Assets:			
Deposits and Investments Held by City (Note 3)	-	10,184,819	-
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	2	2	-
Total Current Assets	<u>86,460,313</u>	<u>88,821,819</u>	<u>26,906,000</u>
Noncurrent Assets:			
Receivables from Employees (Note 6)	-	-	-
Service Concession Arrangement Receivable (Note 1)	-	-	-
Capital Assets (Note 11):			
Land & Nondepreciable Assets	2,793,154	180,391,906	36,134
Depreciable Assets, Net	46,245,698	59,739,965	2,118,586
Total Noncurrent Assets	<u>49,038,852</u>	<u>240,131,871</u>	<u>2,154,720</u>
Total Assets	<u>135,499,165</u>	<u>328,953,690</u>	<u>29,060,720</u>
Deferred Outflows of Resources (Note 9)	<u>1,504,350</u>	<u>4,031,616</u>	<u>713,070</u>
Liabilities:			
Current Liabilities:			
Wages Payable	-	-	-
Accounts Payable and Accrued Liabilities	3,353,882	11,146,356	1,734,430
Advances from Other Funds (Note 10)	-	949,615	3,713,818
Refundable Deposits	576,662	310,122	789,293
Interest Payable	152,461	3,031,751	-
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)	-	-	774,518
Bonds and Notes Payable - Due Within One Year (Note 12)	545,000	3,944,369	-
Total Current Liabilities	<u>4,628,005</u>	<u>19,412,213</u>	<u>7,012,059</u>
Noncurrent Liabilities:			
Advances from Other Funds (Note 10)	-	4,627,654	6,042,957
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)	-	-	5,770,061
Bonds and Notes Payable - Due in More than One Year (Note 12)	15,863,507	123,325,359	-
Net Pension Liability - Due in More than One Year (Note 16)	8,189,094	22,525,185	2,882,542
Net OPEB Liability - Due in More than One Year (Note 17)	1,758,361	4,724,453	632,857
Total Noncurrent Liabilities	<u>25,810,962</u>	<u>155,202,651</u>	<u>15,328,417</u>
Total Liabilities	<u>30,438,967</u>	<u>174,614,864</u>	<u>22,340,476</u>
Deferred Inflows of Resources (Note 9)	<u>486,949</u>	<u>1,557,541</u>	<u>172,533</u>
Net Position (Note 19):			
Net Investment in Capital Assets	32,630,347	112,862,145	2,154,720
Restricted for Debt Service	-	5,270,934	-
Unrestricted	73,447,252	38,679,822	5,106,061
Total Net Position	<u>\$ 106,077,599</u>	<u>\$ 156,812,901</u>	<u>\$ 7,260,781</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
\$ 2,863,117	\$ 56,400,492	\$ 1,869,499	\$ 227,587,027	\$ 64,004,636
2,226	246,055	21,804	25,175,969	1,005,198
2,175,327	-	-	2,423,463	-
-	-	-	243,616	-
-	-	57,325	209,079	816,413
-	-	-	10,184,819	-
-	-	-	4	9,663,587
<u>5,040,670</u>	<u>56,646,547</u>	<u>1,948,628</u>	<u>265,823,977</u>	<u>75,489,834</u>
-	-	-	-	3,289,714
-	-	1,643,721	1,643,721	-
668,208	-	9,683,604	193,573,006	14,504,162
2,726,150	22,008	1,134,630	111,987,037	15,834,492
<u>3,394,358</u>	<u>22,008</u>	<u>12,461,955</u>	<u>307,203,764</u>	<u>33,628,368</u>
8,435,028	56,668,555	14,410,583	573,027,741	109,118,202
<u>186,236</u>	<u>3,070,654</u>	<u>711,668</u>	<u>10,217,594</u>	<u>5,531,947</u>
-	-	-	-	4,696,197
4,535,281	2,023,330	38,719	22,831,998	1,431,517
-	-	-	4,663,433	-
-	-	509	1,676,586	10,168
-	-	-	3,184,212	-
-	248,148	-	278,148	-
-	-	126,079	126,079	-
-	-	-	-	4,962,914
-	-	-	-	13,515,885
-	-	-	774,518	-
-	-	-	4,489,369	-
<u>4,535,281</u>	<u>2,271,478</u>	<u>165,307</u>	<u>38,024,343</u>	<u>24,616,681</u>
-	-	-	10,670,611	-
-	-	1,229,278	1,229,278	-
-	-	-	-	17,270,086
-	-	-	-	7,500,333
-	-	-	5,770,061	-
-	-	-	139,188,866	-
1,014,277	15,010,860	4,549,417	54,171,375	23,540,157
178,539	2,946,611	814,109	11,054,930	4,492,244
<u>1,192,816</u>	<u>17,957,471</u>	<u>6,592,804</u>	<u>222,085,121</u>	<u>52,802,820</u>
5,728,097	20,228,949	6,758,111	260,109,464	77,419,501
<u>54,830</u>	<u>1,035,526</u>	<u>556,079</u>	<u>3,863,458</u>	<u>1,668,270</u>
3,394,358	22,008	10,818,234	161,881,812	30,338,654
-	-	-	5,270,934	-
(556,021)	38,452,726	(3,010,173)	152,119,667	5,223,724
<u>\$ 2,838,337</u>	<u>\$ 38,474,734</u>	<u>\$ 7,808,061</u>	<u>\$ 319,272,413</u>	<u>\$ 35,562,378</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, 2021**

Total Net Position - Total Enterprise Funds	\$ 319,272,413
Adjustment to reflect the amount owed by Business-Type Activities for internal service fund activities.	<u>2,684,876</u>
Net Position of Business-Type Activities	<u><u>\$ 321,957,289</u></u>

See Accompanying Notes to the Basic Financial Statements

CITY OF SUNNYVALE

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2021**

	Major Enterprise Funds		
	Water Supply and Distribution	Wastewater Management	Solid Waste Management
Operating Revenues:			
Charges for Services	\$ 61,433,180	\$ 50,283,123	\$ 50,449,548
Operating Expenses:			
Personnel Services	5,157,097	13,454,096	2,264,479
Contractual Services	636,912	5,673,071	37,034,752
Materials and Supplies	922,352	2,827,511	24,493
Utilities	272,731	696,379	54,436
Taxes, Licenses, and Fees	167,100	332,787	1,129,700
Equipment and Building Rental	837,755	1,449,372	238,885
Water Purchased for Resale	34,977,028	-	-
Insurance Premiums and Claims	-	-	-
Retirement Premiums	-	-	-
Other Operating Expenses	494,977	142,594	59,221
General Fund Administration	4,012,729	3,337,122	3,038,719
Depreciation (Note 11)	2,734,693	3,204,956	180,187
Total Operating Expenses	50,213,374	31,117,888	44,024,872
Operating Income (Loss)	11,219,806	19,165,235	6,424,676
Nonoperating Revenues (Expenses):			
Investment Earnings	118,081	(3,492)	91,280
Interest Expense	(542,884)	(2,438,420)	(397,040)
Total Nonoperating Revenues (Expenses)	(424,803)	(2,441,912)	(305,760)
Income (Loss) before Capital Contributions and Transfers	10,795,003	16,723,323	6,118,916
Capital Contributions	1,305,700	347,900	-
Transfers In (Note 18)	88,078	62,960	93,307
Transfers Out (Note 18)	(1,506,648)	(2,658,708)	(3,730,883)
Change in Net Position	10,682,133	14,475,475	2,481,340
Net Position - Beginning of Year	95,395,466	142,337,426	4,779,441
Net Position, End of Year	\$ 106,077,599	\$ 156,812,901	\$ 7,260,781

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
\$ 26,490,814	\$ 14,470,189	\$ 4,700,647	\$ 207,827,501	\$ 131,359,351
618,012	11,142,886	2,465,440	35,102,010	36,175,743
15,089,454	2,262,113	131,411	60,827,713	5,826,719
439,825	96,309	241,228	4,551,718	2,766,428
-	148	840,919	1,864,613	2,228,344
9,779,023	3,443	-	11,412,053	-
-	1,070,904	601,631	4,198,547	1,974,845
-	-	-	34,977,028	-
-	-	-	-	30,656,022
-	-	-	-	48,544,965
1,049	14,497	49,114	761,452	475,816
-	1,862,766	452,943	12,704,279	-
1,138,490	3,160	201,193	7,462,679	2,360,451
27,065,853	16,456,226	4,983,879	173,862,092	131,009,333
(575,039)	(1,986,037)	(283,232)	33,965,409	350,018
4,207	112,940	-	323,016	1,375,639
(2,161)	-	-	(3,380,505)	-
2,046	112,940	-	(3,057,489)	1,375,639
(572,993)	(1,873,097)	(283,232)	30,907,920	1,725,657
-	-	-	1,653,600	-
510,613	-	1,715,000	2,469,958	9,563,205
(193,325)	(403,587)	(49,786)	(8,542,937)	(20,656,484)
(255,705)	(2,276,684)	1,381,982	26,488,541	(9,367,622)
3,094,042	40,751,418	6,426,079	292,783,872	44,930,000
\$ 2,838,337	\$ 38,474,734	\$ 7,808,061	\$ 319,272,413	\$ 35,562,378

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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, 2021**

Change in Net Position - Total Enterprise Funds	\$ 26,488,541
Internal service funds look-back adjustments for the year	(397,552)
Payment made to governmental activities	<u>484,473</u>
Change in Net Position of Business-Type Activities	<u><u>\$ 26,575,462</u></u>

See Accompanying Notes to the Basic Financial Statements

CITY OF SUNNYVALE

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2021**

	Major Enterprise Funds		
	Water Supply and Distribution	Wastewater Management	Solid Waste Management
Cash Flow from Operating Activities:			
Cash Received from Customers	\$ 59,334,960	\$ 47,810,103	\$ 48,517,535
Cash Received for Interfund Service Provided	-	-	-
Cash Paid for General Fund Administration	(4,012,729)	(3,337,122)	(3,038,719)
Cash Payments to Suppliers of Goods and Services	(38,653,369)	(12,593,518)	(38,892,288)
Cash Payments for Employee Services	(5,012,130)	(12,934,023)	(2,383,520)
Insurance and Claims Paid	-	-	-
Net Cash Provided by (Used For) Operating Activities	11,656,732	18,945,440	4,203,008
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	88,078	62,960	93,307
Transfers to Other Funds	(1,506,648)	(2,658,708)	(3,730,883)
Net Repayment of Advance from (to) Other Funds	-	(563,756)	(3,874,946)
Net Cash Provided by (Used for) Noncapital Financing Activities	(1,418,570)	(3,159,504)	(7,512,522)
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Long-Term Debt	(530,000)	(1,185,000)	-
Interest Paid on Long-Term Debt	(623,570)	(821,480)	-
Loans Payable Drawdown	-	24,007,229	-
Acquisition and Construction of Capital Assets	(448,378)	(29,010,663)	(3,800)
Net Cash Used for Capital and Related Financing Activities	(1,601,948)	(7,009,914)	(3,800)
Cash Flows from Investing Activities:			
Interest on Investments	118,081	(3,492)	91,280
Net Increase (Decrease) in Cash and Cash Equivalents	8,754,295	8,772,530	(3,222,034)
Cash and Cash Equivalents - Beginning of Year	67,621,154	72,216,674	22,496,123
Cash and Cash Equivalents - End of Year	\$ 76,375,449	\$ 80,989,204	\$ 19,274,089
Reconciliation to Statement of Net Position:			
Cash and Investments Held by City	\$ 76,375,447	\$ 70,804,383	\$ 19,274,089
Cash and Investments Held by City - Restricted	-	10,184,819	-
Cash and Investments Held by Fiscal Agent and Trustee	2	2	-
Total Cash and Investments	\$ 76,375,449	\$ 80,989,204	\$ 19,274,089

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
\$ 24,430,869	\$ 14,556,035	\$ 4,653,516	\$ 199,303,018	\$ 1,634,399
-	-	-	-	127,594,818
-	(1,862,766)	(452,943)	(12,704,279)	-
(24,885,531)	(3,526,916)	(1,775,205)	(120,326,827)	(61,159,595)
(583,273)	(10,666,058)	(2,281,568)	(33,860,572)	(33,977,528)
-	-	-	-	(30,976,022)
<u>(1,037,935)</u>	<u>(1,499,705)</u>	<u>143,800</u>	<u>32,411,340</u>	<u>3,116,072</u>
510,613	-	1,715,000	2,469,958	9,563,205
(193,325)	(403,587)	(49,786)	(8,542,937)	(20,656,484)
-	-	-	(4,438,702)	-
<u>317,288</u>	<u>(403,587)</u>	<u>1,665,214</u>	<u>(10,511,681)</u>	<u>(11,093,279)</u>
(702,800)	-	-	(2,417,800)	-
(4,322)	-	-	(1,449,372)	-
-	-	-	24,007,229	-
(464,095)	-	-	(29,926,936)	(10,410,547)
<u>(1,171,217)</u>	<u>-</u>	<u>-</u>	<u>(9,786,879)</u>	<u>(10,410,547)</u>
4,207	112,940	-	323,016	1,375,639
(1,887,657)	(1,790,352)	1,809,014	12,435,796	(17,012,115)
4,750,774	58,190,844	60,485	225,336,054	90,680,338
<u>\$ 2,863,117</u>	<u>\$ 56,400,492</u>	<u>\$ 1,869,499</u>	<u>\$ 237,771,850</u>	<u>\$ 73,668,223</u>
\$ 2,863,117	\$ 56,400,492	\$ 1,869,499	\$ 227,587,027	\$ 64,004,636
-	-	-	10,184,819	-
-	-	-	4	9,663,587
<u>\$ 2,863,117</u>	<u>\$ 56,400,492</u>	<u>\$ 1,869,499</u>	<u>\$ 237,771,850</u>	<u>\$ 73,668,223</u>

Continued

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2021

	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)	\$ 11,219,806	\$ 19,165,235	\$ 6,424,676
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (Used For) Operating Activities:			
Depreciation	2,734,693	3,204,956	180,187
Loss on Disposal of Capital Assets	3,365	-	-
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:			
Receivables, Net	(1,998,220)	(2,546,461)	(1,972,030)
Intergovernmental Receivables	-	73,441	40,017
Inventories and Prepayments	(142,860)	209,055	-
Refundable Deposits	(44,023)	40,216	39,159
Accounts Payable and Accrued Liabilities	(160,996)	(1,721,075)	(467,564)
Wages Payable	-	-	-
Unearned Revenue	(100,000)	-	-
Landfill Postclosure Care	-	-	77,604
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	-	-	-
Deferred Outflows Related to Pensions and OPEB	(11,583)	60,895	(173,717)
Deferred Inflows Related to Pensions and OPEB	64,493	159,152	22,377
Net Pension Liability	293,196	835,545	100,072
Net OPEB Liability	(201,139)	(535,519)	(67,773)
Net Cash Provided by (Used For) Operating Activities	\$ 11,656,732	\$ 18,945,440	\$ 4,203,008
Noncash Capital and Related Financing Activities:			
Amortization of Bond Premium	\$ 77,254	\$ 103,381	\$ -
Amortization of Deferred Inflows of Resources for Gain on Debt Refunding	-	18,836	-
Noncash Capital Contributions	1,305,700	347,900	-

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
\$ (575,039)	\$ (1,986,037)	\$ (283,232)	\$ 33,965,409	\$ 350,018
1,138,490	3,160	201,193	7,462,679	2,360,451
-	-	-	3,365	270,468
7,830	85,846	(16,484)	(6,439,519)	(2,130,134)
(2,067,775)	-	-	(1,954,317)	-
-	-	90,270	156,465	287,994
-	-	(168)	35,184	(2,296)
423,820	(79,502)	(1,004)	(2,006,321)	101,356
-	-	-	-	(440,389)
-	-	(30,647)	(130,647)	-
-	-	-	77,604	-
-	-	-	-	(320,000)
-	-	-	-	2,657,961
9,132	100,320	96,069	81,116	(600,228)
9,466	150,195	37,340	443,023	227,378
43,035	686,513	164,601	2,122,962	1,052,903
(26,894)	(460,200)	(114,138)	(1,405,663)	(699,410)
<u>\$ (1,037,935)</u>	<u>\$ (1,499,705)</u>	<u>\$ 143,800</u>	<u>\$ 32,411,340</u>	<u>\$ 3,116,072</u>
\$ -	\$ -	\$ -	\$ 180,635	\$ -
-	-	-	18,836	-
-	-	-	1,653,600	-
				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.

CITY OF SUNNYVALE**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021**

	Other Postemployment Benefit Trust Fund	Private-Purpose Trust Funds	Custodial Funds
Assets:			
Deposits and Investments in City Treasury Pool (Notes 3 and 20)	\$ -	\$ 4,077,301	\$ 1,802,581
Deposits and Investments Outside of City Treasury Pool (Notes 3 and 20)	-	537,987	2,139,067
Deposits and Investments with Fiscal Agent and Trustee (Notes 3 and 20):			
Cash and Cash Equivalents	90,695	658,294	2,120,261
Mutual Funds-Fixed Income	45,443,724	-	-
Mutual Funds-Equity	104,343,968	-	-
Receivables (Notes 4 and 20)	2	9,933,093	62,659
Capital Assets (Note 20):			
Nondepreciable Assets	-	13,959,752	-
Total Assets	<u>149,878,389</u>	<u>29,166,427</u>	<u>6,124,568</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	7,668	428	-
Accrued Interest Payable	-	21,469	-
Long-term Obligations (Note 20):			
Due Within One Year	-	4,219,301	-
Due in More Than One Year	-	36,219,702	-
Total Liabilities	<u>7,668</u>	<u>40,460,900</u>	<u>-</u>
Net Position:			
Restricted for Employee Benefits Other Than Pensions	149,870,721	-	-
Restricted for Private Purpose Held in Trust	-	(11,294,473)	-
Restricted for Others	-	-	6,124,568
Total Net Position	<u>\$ 149,870,721</u>	<u>\$ (11,294,473)</u>	<u>\$ 6,124,568</u>

See Accompanying Notes to the Basic Financial Statements

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2021**

	Other Postemployment Benefit Trust Fund	Private-Purpose Trust Funds	Custodial Funds
Additions:			
<i>Contributions:</i>			
Employer Contributions - Direct	\$ 3,564,000	\$ -	\$ -
Employer Contributions - Outside of OPEB Trust	6,322,054	-	-
Employer Contributions - Implied Subsidy	1,735,000	-	-
Special Tax Collected	-	27,298	1,631,382
Receipt from County Redevelopment Property Tax Trust Fund	-	4,097,528	-
Contributions from Participating Government Agencies	-	-	5,608,452
Contributions from Non-Government Agencies	-	-	55,600
Private Donations	-	-	15,891
<i>Investment Earnings:</i>			
Net Appreciation in Fair Value of Investments	28,461,504	15,879	-
Interest	79	-	106,736
Dividends	2,396,198	-	-
Investment Expenses	(96,488)	-	-
Total Additions	42,382,347	4,140,705	7,418,061
Deductions:			
Benefit Payments with Implied Subsidy	8,057,054	-	-
Projects Management	-	14,966	-
CFDI Loan Interest	-	-	-
City Loan Interest Added to Loan Principal	-	763,477	-
Debt Service Payments	-	53,487	1,700,884
Fiscal Agent Trustee Fees	-	3,053	-
Program Expenses	-	-	523,177
Agreements, Fees and Monitoring	-	-	4,916,252
Administrative Expenses	-	78,557	230,075
Total Deductions	8,057,054	913,540	7,370,388
Change in Net Position	34,325,293	3,227,165	47,673
Net Position:			
Beginning of Year, as Previously Reported	115,545,428	(14,521,638)	-
Change in Accounting Principles	-	-	6,076,895
Beginning of Year, as Restated	115,545,428	(14,521,638)	6,076,895
End of Year	\$ 149,870,721	\$ (11,294,473)	\$ 6,124,568

See Accompanying Notes to the Basic Financial Statements

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CITY OF SUNNYVALE

**Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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CITY OF SUNNYVALE

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Fiscal Year Ended June 30, 2021*

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***Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2021***

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City of Sunnyvale, California (City) have been prepared in conformity 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, 2021

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, 2021

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, 2021

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, 2021

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, 2021

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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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*.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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, 2021

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, 2021

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 position 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 position 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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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 and must be amortized in a systematic and rational manner over a closed period depending on cause beginning with the current period. These causes may include changes of future economic and demographic assumptions or other inputs, differences between expected and actual experience with regard to economic or demographic factors, and differences between projected and actual earnings on pension and OPEB plan investments.

Employer contributions subsequent to the measurement date of the net pension or OPEB liability are required to be reported as deferred outflows of resources.

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 \$1,643,721, 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, 2021, the present value of the City's maintenance obligation is estimated to be \$1,355,357 reported as a service concession arrangement maintenance liability. The difference between the present value of the installments receivable and maintenance obligations was \$288,364, which was reported as deferred inflows of resources in the Golf and Tennis Operations Enterprise Fund.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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 net of deferred inflows of resources, nonfinancial assets held for resale, and principal of endowments and permanent funds.

The restricted fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, 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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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.

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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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 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, 2020, the City implemented the following GASB Statement:

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement provides recognition and measurement guidance for situations in which a government is a beneficiary of these agreements.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

The City evaluated all funds and activities in accordance with this statement and determined that the activities of the CFD No. 1, Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP), and NOVAworks Foundation previously treated as agency funds are now reported as custodial funds and restated the total net position in the amount of \$6,076,895 to establish the custodial funds.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No.14 and No.61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. Implementation of this statement did not have a significant impact on the City's financial statements for the year ended June 30, 2021.

In October 2021, the GASB issued Statement No. 98, *The Annual Comprehensive Financial Report*. This statement establishes the term annual comprehensive financial report and its acronym ACFR and eliminates the prior name and acronym in generally accepted accounting principles for state and local governments. No changes were made to the report's structure or content. Implementation of this statement did not have a significant impact on the City's financial statements for the year ended June 30, 2021.

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

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. The requirements of this statement are effective for the City's fiscal year ending June 30, 2022.

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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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 practices issues that have been identified during implementation and application of certain GASB Statements. 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. 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. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2022.

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*. The objectives of this statement are to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2023.

In June 2020, the GASB issued Statement No. 97, *Certain Component Units Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The objectives of this statement are 1) to 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 cost associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans; 3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2023.

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 \$35,562,378, one of the internal service funds, Property and Liability Insurance Fund, had a deficit net position of \$2,045,430 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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

The deficit net position of \$11,294,473 in the Private Purpose Trust Fund was the combined total of the CFD No. 3 positive net position of \$116,295 and the RSA negative net position of \$11,410,768. The RSA has significant non-current 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 provide detailed explanation of those liabilities.

The deficit fund balance for the 2016 Measure B Santa Clara VTA Nonmajor Governmental Fund was \$749,659. The deficit is expected to be funded by the receipt of intergovernmental revenues during the next 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.

Summary of Deposits and Investments

	<u>Government-Wide Statement of Net Position</u>			<u>Fund Financials</u>
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Fiduciary</u>
				<u>Statement of</u>
	<u>Activities</u>	<u>Activities</u>		<u>Net Position</u>
Deposits and Investments Held by the City	\$ 240,003,954	\$ 227,587,027	\$ 467,590,981	
Restricted Deposits and Investments:				
Held by the City	269,328,696	10,184,819	279,513,515	
Held by the Fiscal Agent	154,977,175	4	154,977,179	
Total Government-Wide Deposits and Investments	\$ 664,309,825	\$ 237,771,850	\$ 902,081,675	
Deposits and Investments in City Treasury Pool				\$ 5,879,882
Deposits and Investments Outside of City Treasury Pool				2,677,054
Deposits and Investments Held by the Fiscal Agent and Trustee				152,656,942
Total Fiduciary Deposits and Investments				\$ 161,213,878

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS

Deposits and Cash on Hand in the City Treasury Pool

The carrying amount of the cash and deposits in the City pool totaled \$35,440,682 at June 30, 2021. Bank balances before reconciling items (i.e., deposits in transit and outstanding checks) were \$36,889,230, 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. In accordance with GASB Statement No. 31, 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.

In addition, it should be noted that GASB Statement No. 31 does not include the amortization of premium or discount on an investment. Therefore, the net change in the fair value of investments represents the difference between current market value and original purchase price of the investment including the premium paid/discount received. For investments purchased at a premium because of the high interest rate paid to the City on that investment, the net changes in the fair value of investments reflect an increased loss when the market value drops (or lower gain if the market value rises). Alternatively, investments purchased at a discount reflect a decreased loss when the market value drops (or higher gain if the market value rises).

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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:

<u>Authorized Investment Type</u>	<u>Maximum Maturity</u>	<u>Percentage of Portfolio</u>	<u>Investment in One Issuer</u>
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, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

The City had the following recurring fair value measurements as of June 30, 2021:

Investments	Balance at June 30, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
City Treasury Pooled Investments			
Investments Subject to Fair Value Hierarchy:			
U.S. Treasury Securities	\$ 147,225,624	\$ -	\$ 147,225,624
Medium Term Corporate Notes	141,506,789	-	141,506,789
Federal Agency Issues	231,723,575	-	231,723,575
Municipal Bonds	4,721,394	-	4,721,394
Supranational	24,098,501	-	24,098,501
Negotiable CD	3,001,101	-	3,001,101
ABS - Asset Back Securities	48,021,136	-	48,021,136
CMO - Collateralized Mortgage Obligations	38,831,066	-	38,831,066
Money Market Fund	3,665,578	3,665,578	-
Investments Subject to Fair Value Hierarchy	642,794,764	<u>\$ 3,665,578</u>	<u>\$ 639,129,186</u>
Investments Not Subject to Fair Value Hierarchy:			
Local Agency Investment Funds	74,748,932		
Total City Treasury Pooled Investments*	<u>\$ 717,543,696</u>		
City Investments Held by Fiscal Agent			
Corporate Commercial Paper	\$ 1,296,390	\$ -	\$ 1,296,390
Investments Subject to Fair Value Hierarchy	1,296,390	<u>\$ -</u>	<u>\$ 1,296,390</u>
Investments Not Subject to Fair Value Hierarchy:			
Cash Equivalent Mutual Funds/Accounts	144,039,371		
Open-End Mutual Funds (Fixed Income/Equity)	9,641,418		
Total Investments Held by Fiscal Agent	<u>\$ 154,977,179</u>		
Fiduciary Fund Investments Outside of City Treasury Pool			
Investments Not Subject to Fair Value Hierarchy:			
Local Agency Investment Funds	\$ 537,987		
Cash Equivalent Mutual Funds/Accounts	2,139,067		
	<u>\$ 2,677,054</u>		
Fiduciary Fund Investments Held by Fiscal Agent			
Investments Not Subject to Fair Value Hierarchy:			
Cash Equivalent Mutual Funds/Accounts	\$ 465,144		
Local Agency Investment Funds	655,966		
Open-End Mutual Funds (Fixed Income/Equity)	149,787,692		
Guaranteed Investment Contract	1,748,140		
Fiduciary Fund Investments with Fiscal Agent	<u>\$ 152,656,942</u>		

* The City Treasury included \$5,879,882 of Fiduciary Fund's deposits and investments.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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			\$ 35,440,682
Investments:			
Corporate Notes:			
Amazon	AA / A1	\$ 9,995,744	
American Honda	A- / A3	6,454,356	
Bank of America Corp	A- / A2	11,838,516	
Bank of NY Mellon	A / A1	7,457,011	
Berkshire Hathaway	AA / Aa2	4,391,500	
Caterpillar Fini Service Note	A / A2	9,251,139	
Charles Schwab Corp	A / A2	9,458,701	
John Deere Capital	A / A2	10,930,946	
JP Morgan Chase & Co	A- / A2	12,054,389	
MicroSoft	AAA / Aaa	2,000,470	
Paccar Financial	A+ / A1	6,922,537	
PNC Bank	A / A2	5,761,581	
Toyota Motor	A+ / A1	6,824,596	
United Health Group	A+ / A3	1,660,855	
US Bank	AA- / A1	9,906,447	
Wal-Mart Stores	AA / Aa2	6,967,896	
HSBC Holdings PLC (Foreign Corporate)	A- / A3	9,487,587	
Royal Bank of Canada (Foreign Corporate)	A / A2	3,220,846	
Toronto Dominion Bank (Foreign Corporate)	AA- / Aa1	6,921,672	
Total Corporate Notes			141,506,789 (continued)

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

	Credit Ratings S&P/Moody's	Fair Value	Total
Government Sponsor Enterprise, Asset-Backed, Municipal, Money Market, CD & Supranational:			
ABS (Honda Auto and John Deere)	NR / Aaa	\$ 16,974,087	
ABS (Nissan Auto, Honda Auto and Toyota Auto)	AAA / Aaa	13,847,275	
ABS (Honda Auto Receivables Owner 2019-1A2 and Verizon)	AAA / NR	17,199,775	
CMO (FHLMC)	AAA / Aaa	38,831,066	
Money Market Fund	AAA / Aaa	3,665,578	
Negotiable CD (Toronto Dominion Yankee)	AA / NR	3,001,101	
Municipal Bonds (State of CA Taxable GO)	AA- / Aa2	4,721,393	
Supranational Securities (IBRD, IFC, IADB)	AAA / Aaa	24,098,501	
Federal Farm Credit Bank	AA+ / Aaa	3,101,034	
Federal Home Loan Bank	AA+ / Aaa	82,855,487	
Federal Home Loan Mortgage Corporation	AA+ / Aaa	51,923,133	
Federal National Mortgage Association	AA+ / Aaa	93,843,921	
Total Government Sponsor Enterprise, Asset-Backed, Municipal, Money Market, CD & Supranational			\$ 354,062,351
US Treasuries	Not Required		147,225,624
Local Agency Investment Funds	Not Rated		74,748,932
City Pooled Cash and Investments (including \$5,879,882 from Fiduciary Funds)			\$ 752,984,378

	Credit Ratings S&P/Moody's	Fair Value	Total
City Cash and Investments with Fiscal Agents:			
Toyota Motor Credit Corp Commercial Paper	A1+/P1	\$ 1,296,390	
Treasury Obligation and Money Market Mutual Funds	Not Rated	144,039,371	
Open-Ended Mutual Funds (Fixed Income/Equity)	Not Rated	9,641,418	
Total City Cash and Investments with Fiscal Agents			\$ 154,977,179

Fiduciary Funds Cash and Investments Outside of City Treasury Pool			
Cash Equivalent Mutual Funds/Accounts	Not Rated	\$ 2,139,067	
Local Agency Investment Funds	Not Rated	537,987	
Fiduciary Fund Deposits and Investments not in the City Treasury Pool			\$ 2,677,054

Fiduciary Funds Cash and Investments Held by Fiscal Agent			
Cash Equivalent Mutual Funds/Accounts	Not Rated	\$ 465,144	
Local Agency Investment Funds	Not Rated	655,966	
Open-End Mutual Funds (Fixed Income/Equity)	Not Rated	149,787,692	
Guaranteed Investment Contracts	Not Rated	1,748,140	
Fiduciary Fund Deposits and Investments not in the City Treasury Pool			\$ 152,656,942

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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, 2021 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	\$ -	\$ -	\$ 9,995,744	\$ -	\$ 9,995,744
American Honda	-	-	6,454,356	-	6,454,356
Bank of America Corp	-	-	11,838,516	-	11,838,516
Bank of NY Mellon	-	4,528,129	2,928,882	-	7,457,011
Berkshire Hathaway	-	4,391,500	-	-	4,391,500
Caterpillar Fini Service Note	-	-	9,251,139	-	9,251,139
Charles Schwab Corp	-	5,767,683	3,691,018	-	9,458,701
John Deere Capital	-	6,530,466	4,400,480	-	10,930,946
JP Morgan Chase & Co	-	-	12,054,389	-	12,054,389
MicroSoft	2,000,470	-	-	-	2,000,470
Paccar Financial	-	-	6,922,537	-	6,922,537
PNC Bank	-	5,761,581	-	-	5,761,581
Toyota Motor	-	-	6,824,596	-	6,824,596
United Health Group	-	-	1,660,855	-	1,660,855
US Bank	-	-	9,906,447	-	9,906,447
Wal-Mart Stores	-	6,967,896	-	-	6,967,896
HSBC Holdings PLC (Foreign)	-	7,411,047	2,076,540	-	9,487,587
Royal Bank of Canada (Foreign)	-	-	3,220,846	-	3,220,846
Toronto Dominion Bank (Foreign)	-	-	6,921,672	-	6,921,672
ABS (Asset-Backed Securities)	-	4,920,164	43,100,973	-	48,021,137
CMO (FHLMC)	-	10,367,844	28,463,222	-	38,831,066
Money Market Fund FI	3,665,578	-	-	-	3,665,578
Negotiable CD	3,001,101	-	-	-	3,001,101
Municipal Bonds	-	-	4,721,393	-	4,721,393
Supranational Securities	-	5,094,170	19,004,331	-	24,098,501
Federal Farm Credit Bank	-	3,101,034	-	-	3,101,034
Federal Home Loan Bank	5,293,444	17,523,998	60,038,045	-	82,855,487
Federal Home Loan Mortgage Corporation	-	6,294,402	45,628,731	-	51,923,133
Federal National Mortgage Association	8,253,192	-	77,784,153	7,806,576	93,843,921
U. S. Treasuries	16,939,435	16,394,064	113,892,125	-	147,225,624
Local Agency Investment Funds	74,748,932	-	-	-	74,748,932
Total	\$ 113,902,152	\$ 105,053,978	\$ 490,780,990	\$ 7,806,576	\$ 717,543,696

(continued)

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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 Agents:					
Toyota Motor Credit Corp CP	\$ 1,296,390	\$ -	\$ -	\$ -	\$ 1,296,390
Treasury Obligation Mutual Funds	144,039,371	-	-	-	144,039,371
Open-Ended Mutual Funds (Fix Income)	3,886,072	-	-	-	3,886,072
Open-Ended Mutual Funds (Equity)	5,755,346	-	-	-	5,755,346
Total	<u>\$ 154,977,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$154,977,179</u>
Fiduciary Fund Investments Outside of City Treasury Pool					
Cash Equivalent Mutual Funds/Accounts	\$ 2,139,067	\$ -	\$ -	\$ -	\$ 2,139,067
Local Agency Investment Funds	537,987	-	-	-	537,987
Total	<u>\$ 2,677,054</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,677,054</u>
Fiduciary Fund Investments Held by Fiscal Agent					
Cash Equivalent Mutual Funds/Accounts	\$ 465,143	\$ -	\$ -	\$ -	\$ 465,143
Local Agency Investment Funds	655,966	-	-	-	655,966
Open-End Mutual Funds (Fixed Income)	45,443,724	-	-	-	45,443,724
Open-End Mutual Funds (Equity)	104,343,968	-	-	-	104,343,968
Guaranteed Investment Contracts	-	-	-	1,748,140	1,748,140
Total	<u>\$ 150,908,801</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,748,140</u>	<u>\$152,656,941</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 market 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, 2021

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, 2021, investments in the following issuers represented 5% or more of investments in the City Treasury pool and investments held by fiscal agents for the City.

<u>Issuer</u>	<u>Amount</u>
Federal Home Loan Bank	\$ 82,855,487
Federal Home Loan Mortgage Corporation	51,923,133
Federal National Mortgage Association	93,843,921
Collateralized Mortgage Obligations-FHLMC	38,831,066
Total	<u>\$ 267,453,607</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, 2021

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

According to the LAIF Performance Report for the quarter ending June 30, 2021, the weighted average life of the securities in the pooled investment program administered by the State Treasurer’s Office was 291 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, 2021, 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 1.00008297.

LAIF is part of the State’s Pooled Money Investment Account (PMIA). The total balance of the PMIA is approximately \$193.3 billion as of June 30, 2021. Of that amount, 97.69% was invested in nonderivative financial products and 2.31% in structured notes and asset backed securities.

NOTE 4 – RECEIVABLES

Government Wide Financial Statements

At June 30, 2021, 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	\$ 1,042,698	\$ 26,329,499	\$ 27,372,197
Taxes	7,819,211	-	7,819,211
Interest	982,079	804,794	1,786,873
Other	1,247,959	39,897	1,287,856
Allowance	<u>(235,752)</u>	<u>(1,998,221)</u>	<u>(2,233,973)</u>
Total Unrestricted	<u>10,856,195</u>	<u>25,175,969</u>	<u>36,032,164</u>
Restricted:			
Accounts	55,997	-	55,997
Interest	869,713	-	869,713
Other	<u>1,185,142</u>	<u>-</u>	<u>1,185,142</u>
Total Restricted	<u>2,110,852</u>	<u>-</u>	<u>2,110,852</u>
Total Current Receivables, Net	<u>\$ 12,967,047</u>	<u>\$ 25,175,969</u>	<u>\$ 38,143,016</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 4 – RECEIVABLES, Continued

Fund Financial Statements

At June 30, 2021, the fund financial statements show the following current receivables net of allowances for uncollectible amounts:

	Accounts Receivable	Taxes	Interest	Other	Less: Allowance for Uncollectible	Total
Governmental Funds:						
General	\$ 1,097,458	\$ 7,819,211	\$ 520,259	\$ 473,095	\$ (235,727)	\$ 9,674,296
Housing	-	-	211,328	14,776	-	226,104
Park Dedication	-	-	370,519	22,700	-	393,219
City Projects	-	-	196,686	450,000	-	646,686
Infrastructure Renovation and Replacement	-	-	252,847	-	-	252,847
Capital Project Civic Center	-	-	723	-	-	723
Nonmajor Governmental	-	-	81,736	686,238	-	767,974
Total Governmental Funds	\$ 1,097,458	\$ 7,819,211	\$ 1,634,098	\$ 1,646,809	\$ (235,727)	\$ 11,961,849
Proprietary Funds:						
Water Supply and Distribution	\$ 10,419,209	\$ -	\$ 275,509	\$ 1,111	\$ (753,825)	\$ 9,942,004
Wastewater Management	7,866,890	-	226,112	11,430	(530,306)	7,574,126
Solid Waste Management	8,007,385	-	90,907	5,552	(714,090)	7,389,754
SMART Station	-	-	2,226	-	-	2,226
Development	36,015	-	210,040	-	-	246,055
Golf and Tennis Operations	-	-	-	21,804	-	21,804
Internal Service Funds	1,237	-	217,694	786,292	(25)	1,005,198
Total Proprietary Funds	\$ 26,330,736	\$ -	\$ 1,022,488	\$ 826,189	\$ (1,998,246)	\$ 26,181,167
Fiduciary Funds:						
OPEB Trust Fund	\$ -	\$ -	\$ 2	\$ -	\$ -	\$ 2
Private-Purpose Trust Funds	-	-	1,365	9,931,728	-	9,933,093
Agency Funds	-	-	52,825	9,834	-	62,659
Total Fiduciary Funds	\$ -	\$ -	\$ 54,192	\$ 9,941,562	\$ -	\$ 9,995,754

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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, 2021, 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	\$ 1,567,071
City Projects Fund	8,258,818
Nonmajor Funds	<u>2,473,708</u>
Total Governmental Activities	<u>\$ 12,299,597</u>
<i>Business-Type Activities:</i>	
Wastewater Management Enterprise Fund	\$ 5,979
Solid Waste Management Enterprise Fund	242,157
SMaRT Station Enterprise Fund	<u>2,175,327</u>
Total Business-Type Activities	<u>\$ 2,423,463</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 0.65% to 1.32%, and have repayment terms of 45 years. At June 30, 2021, the City had four loans to City employees in the amount of \$979,268 and \$3,289,714 reported under the General Fund and the Employee Payroll & Benefits Internal Service Fund, respectively, which totaled to \$4,268,982.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 7 – HOUSING LOANS RECEIVABLE

The maturity schedule for the housing loans receivable reported in the governmental activities as of June 30, 2021 were as follows:

Maturity Date Year Ending June 30,	Community Development Block Grant	HOME Grant	Housing Mitigation	Other Housing	Total
2022	\$ 377,733	\$ -	\$ -	\$ -	\$ 377,733
2023	157,773	-	-	-	157,773
2024	57,195	1,449,950	-	-	1,507,145
2025	-	-	-	-	-
2026	506,519	-	-	-	506,519
2027-2031	1,729,247	945,814	1,008,082	-	3,683,143
2032-2036	372,406	185,000	221,758	78,378	857,542
2037-2041	5,265,868	242,231	-	413,138	5,921,237
2042-2046	2,547,847	3,856,479	2,532,237	-	8,936,563
2047-2051	318,728	-	861,392	484,136	1,664,256
2052-2056	853,814	634,263	1,040,102	-	2,528,179
2057-2061	72,636	-	-	-	72,636
2062-2066	131,422	273,792	-	-	405,214
2067-2071	-	2,391,710	23,808,256	-	26,199,966
2072-2076	-	2,540,251	12,805,568	-	15,345,819
2077-2081	-	-	-	-	-
2082-2086	-	-	463,500	-	463,500
Due Upon Sale or Transfer of Property	553,491	-	-	-	553,491
	<u>12,944,679</u>	<u>12,519,490</u>	<u>42,740,895</u>	<u>975,652</u>	<u>69,180,716</u>
Less: Allowance for Uncollectibles	(258,894)	(250,390)	(854,818)	(19,513)	(1,383,615)
Housing Loans Receivables, Net at June 30, 2021	<u>\$ 12,685,785</u>	<u>\$ 12,269,100</u>	<u>\$ 41,886,077</u>	<u>\$ 956,139</u>	<u>\$ 67,797,101</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, 2021

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, 2021, unearned revenues were as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Prepayments Received for :			
Grant and Fee Revenue	\$ 35,300	\$ 278,148	\$ 313,448
ARPA Revenue	14,077,015	-	14,077,015
Armory Ground Lease	6,783,335	-	6,783,335
Total	<u>\$ 20,895,650</u>	<u>\$ 278,148</u>	<u>\$21,173,798</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 8 – UNEARNED REVENUES, Continued

Armory Ground Lease

In May 2013, the City formally received title to two parcels on the Onizuka site (U. S. Air Force Base) totaling 5 acres. The two parcels at the time were encumbered for homeless housing subject to release of the claims from two homeless housing providers. The two parcels were not located at a convenient location for homeless housing.

In June 2013, the City elected to offer both homeless housing providers (the “Providers”) the Armory site, acquired by the City’s General Fund in the 1970s at \$1,690,511, in exchange for their interest on the Onizuka site. A Ground Lease and a Loan and Regulatory Agreement for the Armory site were executed between the City and the Providers. The homeless housing encumbrance on the Onizuka parcels was subsequently removed by the Air Force and the City did capitalize the Onizuka parcels at the fair value of \$6.9 million at the end of fiscal year 2013.

The Ground Lease establishes the relationship between the landlord (City) and tenant (each Provider) and specifies a 90-year lease with an upfront lump sum lease payment of \$7.4 million from the two providers for the entire term of the lease. The fair value of the Armory site was appraised at \$7.4 million. The Ground Lease describes the use obligation of the property, although reference is made to the more specific use provision in the accompanying Loan and Regulatory Agreements, which constitute enforceable restrictions on the use and operation of the property for an affordable housing project. The City made available \$8.2 million as loans from its Housing Special Revenue Fund to the two Providers to pay for the upfront ground lease payments due to the City and related development project costs.

The City will monitor the Providers’ operations throughout the terms of the ground lease for compliance with the City’s affordable housing program requirements. By the end of the Lease term, ownership of the property (including lessee’s improvements) will remain with the City.

The lump sum lease payment of \$7.4 million was received at the inception of the lease (January 1, 2014) by the General Fund. During fiscal year 2020/21, revenue recognized was \$82,222 and the remaining balance of \$6,783,335 was recorded as unearned revenue, to be recognized as revenue proportionately as use of the property continues in subsequent years.

In the government-wide financial statements, the property (land) is reported as the governmental activities capital asset at its original cost of \$1.7 million.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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	\$ 48,103,692	\$ 6,726,586
Deferred Outflows of Resources Related to OPEB	15,678,868	3,491,008
Total Deferred Outflows of Resources	<u>\$ 63,782,560</u>	<u>\$ 10,217,594</u>

Deferred Inflows of Resources	Governmental Activities	Business-Type Activities
Imposed Nonexchange Revenue:		
Business License Tax Received for Next Period	\$ 1,023,749	\$ -
Gain on Debt Refunding	-	98,887
Service Concession Arrangement	-	288,364
Deferred Inflows of Resources Related to Pensions	760,823	126,353
Deferred Inflows of Resources Related to OPEB	15,003,505	3,349,854
Total Deferred Outflows of Resources	<u>\$ 16,788,077</u>	<u>\$ 3,863,458</u>

Fund Financial Statements

At June 30, 2021, the following items were recorded in the governmental fund financial statements as deferred inflows of resources because the funds were not available to finance expenditures of the current period:

	General Fund	Housing Special Revenue	Capital Projects	Nonmajor Governmental	Total
Interest - Interfund Advances	\$15,090,428	\$ -	\$ -	\$ -	\$15,090,428
Interest on Loans to City Employees	38,063	-	-	-	38,063
Capital Special Assessments	15,742	-	-	-	15,742
Administrative Citations on Tax Roll	42,500	-	-	-	42,500
Proposition 172 Revenue	184,490	-	-	-	184,490
Intergovernmental Cost Reimbursements	1,388,558	-	-	-	1,388,558
Interest - Housing Loans	-	3,675,473	-	6,500,830	10,176,303
Unavailable Grant Revenues	-	-	158,692	145,699	304,391
Business License Tax Revenue	1,023,749	-	-	-	1,023,749
Total	<u>\$17,783,530</u>	<u>\$ 3,675,473</u>	<u>\$ 158,692</u>	<u>\$ 6,646,529</u>	<u>\$28,264,224</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 10– INTERNAL BALANCES/INTERFUND BALANCES

Government-Wide Financial Statements

Internal Balances consist of the following items:

Internal Balances	Amount
Outstanding Advances to/from balances between Governmental and Business-Type Activities	\$ 15,090,428
Amount owed by Business-Type Activities for internal service fund activities	(2,684,876)
Total	\$ 12,405,552

Fund Financial Statements

Due to/from Other Funds

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

Receivable Fund	Payable Fund	Amount
General Fund	Capital Project Civic Center	\$ 27,520,000
	Nonmajor Governmental	829,163
	Total	28,349,163

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:

Receivable Fund	Payable Fund	Amount
General Fund	Wastewater Management	\$ 5,577,269
	Solid Waste Management	9,513,159
	Subtotal General Fund	15,090,428
Wastewater Management	Solid Waste Management	243,616
	Total	\$ 15,334,044

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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 \$980,994 was made to the General Fund. Annual repayments are budgeted as follows: \$949,615 annually from fiscal year 2022 to fiscal year 2026, and \$829,193 in 2027 to pay off the remaining balance. At June 30, 2021, total loan balance was \$5,577,269.

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 \$3,154,995 was made to the General Fund. Annual repayments are budgeted as follows: \$3,470,202 annually from fiscal year 2022 to fiscal year 2023, and \$3,048,003 in 2024 to pay off the remaining balance. At June 30, 2021, total loan principal balance was \$9,513,159.

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%. Repayments is budgeted as \$243,616 for fiscal year 2022 to pay off the remaining balance. At June 30, 2021, total loan balance was \$243,616.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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 accepted developers’ capital asset contributions with estimated acquisition value approximating \$2.0 million for governmental activities and \$1.7 million for business-type activities.

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

	Balance July 1, 2020	Additions	Retirements	Transfers	Balance June 30, 2021
Nondepreciable Assets:					
Land	\$ 143,594,470	\$ 457,700	\$ -	\$ -	\$ 144,052,170
Construction in Progress	45,136,033	89,852,759	-	(10,664,854)	124,323,938
Infrastructure - Streets	167,659,116	804,300	-	-	168,463,416
Total Nondepreciable Assets	356,389,619	91,114,759	-	(10,664,854)	436,839,524
Depreciable Assets:					
Buildings and Structures	122,140,779	190,995	-	495,364	122,827,138
Improvements Other than Buildings	144,850,285	23,067	-	1,949,095	146,822,447
Machinery and Equipment	51,402,261	2,349,917	(1,496,457)	-	52,255,721
Infrastructure	93,893,379	1,699,643	-	8,220,395	103,813,417
Total Depreciable Assets	412,286,704	4,263,622	(1,496,457)	10,664,854	425,718,723
Accumulated Depreciation:					
Buildings and Structures	(67,907,645)	(2,853,700)	-	-	(70,761,345)
Improvements Other than Buildings	(62,677,931)	(4,493,600)	-	-	(67,171,531)
Machinery and Equipment	(32,868,042)	(2,956,759)	1,225,989	-	(34,598,812)
Infrastructure	(67,673,789)	(1,476,280)	-	-	(69,150,069)
Total Accumulated Depreciation	(231,127,407)	(11,780,339)	1,225,989	-	(241,681,757)
Depreciable Assets, Net	181,159,297	(7,516,717)	(270,468)	10,664,854	184,036,966
Total Governmental Activities Capital Assets, Net	\$ 537,548,916	\$ 83,598,042	\$ (270,468)	\$ -	\$ 620,876,490

During the year ended June 30, 2021, the City’s governmental activities expended \$89.9 million for construction in progress including \$53.0 million for the construction of the new Civic Center.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 11 – CAPITAL ASSETS, Continued

Governmental activities’ depreciation expense for capital assets for the year ended June 30, 2021, are as follows:

Public Safety	\$ 896,731
Community Development	2,500,162
Public Works	4,389,173
Environmental Services	223,620
Library and Recreation Services	1,410,202
Interest Service Funds	<u>2,360,451</u>
Total Depreciation Expense	<u><u>\$ 11,780,339</u></u>

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

	<u>Balance</u> <u>June 30, 2020</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2021</u>
Nondepreciable Assets:					
Land	\$ 16,469,169	\$ -	\$ -	\$ -	\$ 16,469,169
Construction in Progress	<u>150,648,807</u>	<u>29,693,258</u>	<u>-</u>	<u>(3,238,228)</u>	<u>177,103,837</u>
Total Nondepreciable Assets	<u>167,117,976</u>	<u>29,693,258</u>	<u>-</u>	<u>(3,238,228)</u>	<u>193,573,006</u>
Depreciable Assets:					
Buildings and Structures	23,437,545	-	-	-	23,437,545
Improvements Other than Buildings	45,394,954	143,023	-	3,238,228	48,776,205
Machinery and Equipment	8,217,234	90,655	(197,491)	-	8,110,398
Infrastructure	<u>207,665,170</u>	<u>1,653,600</u>	<u>-</u>	<u>-</u>	<u>209,318,770</u>
Total Depreciable Assets	<u>284,714,903</u>	<u>1,887,278</u>	<u>(197,491)</u>	<u>3,238,228</u>	<u>289,642,918</u>
Accumulated Depreciation:					
Buildings and Structures	(22,679,969)	(125,167)	-	-	(22,805,136)
Improvements Other than Buildings	(40,516,678)	(1,463,817)	-	-	(41,980,495)
Machinery and Equipment	(6,389,880)	(325,553)	194,126	-	(6,521,307)
Infrastructure	<u>(100,800,801)</u>	<u>(5,548,142)</u>	<u>-</u>	<u>-</u>	<u>(106,348,943)</u>
Total Accumulated Depreciation	<u>(170,387,328)</u>	<u>(7,462,679)</u>	<u>194,126</u>	<u>-</u>	<u>(177,655,881)</u>
Depreciable Assets, Net	<u>114,327,575</u>	<u>(5,575,401)</u>	<u>(3,365)</u>	<u>3,238,228</u>	<u>111,987,037</u>
Total Business-Type Activities Capital Assets, Net	<u>\$ 281,445,551</u>	<u>\$ 24,117,857</u>	<u>\$ (3,365)</u>	<u>\$ -</u>	<u>\$ 305,560,043</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 11 – CAPITAL ASSETS, Continued

During the year ended June 30, 2021, the City’s business-type activities expended \$29.7 million for construction in progress including \$28.9 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 expenses for capital assets for the year ended June 30, 2021 are as follows:

Water Supply and Distribution	\$	2,734,693
Wastewater Management		3,204,956
Solid Waste Management		180,187
SMaRT Station		1,138,490
Development		3,160
Golf and Tennis Operations		201,193
Total Depecriation Expense	\$	<u>7,462,679</u>

Fund Financial Statements

The governmental fund financial statements do not present general government capital assets, which are shown in the reconciliations of the governmental funds balance sheet to the government-wide statement of net position.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 12 – NONCURRENT LIABILITIES

The following is a summary of changes in long-term liabilities during the fiscal year ended June 30, 2021:

Description	Beginning Balance, July 1, 2020	Additions	Reductions	Bond Amortization	Ending Balance, June 30, 2021	Amounts Due Within One Year
Governmental Activities:						
1998 Parking Facility COPs	\$ 3,495,000	\$ -	\$ (1,095,000)	\$ -	\$ 2,400,000	\$ 1,150,000
2009 Government Center COPs	9,650,000	-	(9,650,000)	-	-	-
2020 Civic Center Lease Revenue Bonds	-	150,837,260	-	(416,706)	150,420,554	-
Other:						
Risk Management: Self Insurance and						
Contingent Liability	22,553,000	3,311,546	(3,631,546)	-	22,233,000	4,962,914
Compensated Absences	18,358,257	13,696,992	(11,039,031)	-	21,016,218	13,515,885
Total Governmental Activities	\$ 54,056,257	\$ 167,845,798	\$ (25,415,577)	\$ (416,706)	\$ 196,069,772	\$ 19,628,799
Business-Type Activities:						
Water Nontaxable Series 2017A	\$ 13,535,761	\$ -	\$ -	\$ (77,254)	\$ 13,458,507	\$ -
Water Taxable Series 2017A-T	3,480,000	-	(530,000)	-	2,950,000	545,000
Wastewater Nontaxable Series 2017A	16,076,764	-	-	(103,381)	15,973,383	-
Wastewater Taxable Series 2017A-T	6,490,000	-	(1,185,000)	-	5,305,000	1,210,000
Debt from Direct Borrowings and Direct Placements:						
Solid Waste Refunding Note, 2014	702,800	-	(702,800)	-	-	-
Clean Water State Revolving Fund Loan	81,984,116	23,879,876	-	-	105,863,992	2,734,369
WIFIA Loan	-	127,353	-	-	127,353	-
Other:						
Service Concession Arrangement						
Maintenance Liability	1,555,920	-	(200,563)	-	1,355,357	126,079
Landfill Postclosure						
Care Costs	6,466,975	750,861	(673,257)	-	6,544,579	774,518
Total Business-Type Activities	\$ 130,292,336	\$ 24,758,090	\$ (3,291,620)	\$ (180,635)	\$ 151,578,171	\$ 5,389,966

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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	\$ 2,400,000	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	2,950,000	Aa1	AA+
Wastewater Revenue Bonds, Nontaxable Series 2017A	14,035,000	Aa1	AA+
Wastewater Revenue Bonds, Taxable Series 2017A-T	5,305,000	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, 2021 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,150,000	\$ 91,250	\$ 1,241,250
2023	1,250,000	31,250	1,281,250
	<u>\$ 2,400,000</u>	<u>\$ 122,500</u>	<u>\$ 2,522,500</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 12 – NONCURRENT LIABILITIES, Continued

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

Issued by the Authority and due in original annual installments of \$470,000-\$1,065,000 through April 1, 2031, initially bearing interest at a weekly interest rate as determined by the remarketing agent (based on an examination of tax-exempt obligations comparable to the Certificates under then-prevailing market conditions).

In connection with the issuance of the 2009 Government Center COPs, the City obtained an irrevocable letter of credit as a credit facility with Union Bank, NA for the COPs. The City’s repayment of unreimbursed draws made on the credit facilities bears interest at rates as defined in the reimbursement agreement of 12% per annum. The City is required to pay an annual facility fee of 0.60% starting from the June 2018 letter of credit renewal, payable quarterly in arrears, based on the available amount in effect, from the date of issuance of the letter of credit until the stated termination date, as defined in the amended reimbursement agreement supported by the credit facility. For the year ended June 30, 2021, the City incurred credit facility fees in the amount of \$29,079. The bonds were early repaid in full in December 2020. The letter of credit was terminated in March 2021.

\$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 lease 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, 2021 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 5,055,425	\$ 5,055,425
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
2027-2031	15,105,000	22,450,375	37,555,375
2032-2036	18,380,000	19,177,375	37,557,375
2037-2041	22,365,000	15,195,175	37,560,175
2042-2046	27,210,000	10,349,575	37,559,575
2047-2051	33,100,000	4,455,375	37,555,375
2052	7,325,000	183,125	7,508,125
	<u>131,200,000</u>	<u>96,739,425</u>	<u>227,939,425</u>
Add Unamortized Premium	19,220,554	-	19,220,554
Total	<u>\$ 150,420,554</u>	<u>\$ 96,739,425</u>	<u>\$ 247,159,979</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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, 2021 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 521,350	\$ 521,350
2023	-	521,350	521,350
2024	-	521,350	521,350
2025	-	521,350	521,350
2026	-	521,350	521,350
2027-2031	3,415,000	2,288,750	5,703,750
2032-2036	4,415,000	1,358,650	5,773,650
2037-2040	4,180,000	426,400	4,606,400
	<u>12,010,000</u>	<u>6,680,550</u>	<u>18,690,550</u>
Add Unamortized Premium	1,448,507	-	1,448,507
Total	<u>\$ 13,458,507</u>	<u>\$ 6,680,550</u>	<u>\$ 20,139,057</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, 2021 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 545,000	\$ 88,492	\$ 633,492
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>\$ 2,950,000</u>	<u>\$ 282,521</u>	<u>\$ 3,232,521</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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, 2021 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ 632,000	\$ 632,000
2023	-	632,000	632,000
2024	-	632,000	632,000
2025	-	632,000	632,000
2026	1,135,000	632,000	1,767,000
2027-2031	4,280,000	2,384,500	6,664,500
2032-2036	4,400,000	1,412,050	5,812,050
2037-2040	4,220,000	430,000	4,650,000
	<u>14,035,000</u>	<u>7,386,550</u>	<u>21,421,550</u>
Add Unamortized Premium	1,938,383	-	1,938,383
Total	<u>\$ 15,973,383</u>	<u>\$ 7,386,550</u>	<u>\$ 23,359,933</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, 2021 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,210,000	\$ 158,433	\$ 1,368,433
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>\$ 5,305,000</u>	<u>\$ 427,380</u>	<u>\$ 5,732,380</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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

\$7,368,400 Solid Waste Refunding Promissory Note Dated October 23, 2014

The proceeds of this loan were used to refund the Solid Waste Revenue Bonds Series 2003 and 2007. This loan is due in annual installments ranging from \$531,200 to \$2,392,200 starting October 1, 2015 until October 1, 2020 with interest at 1.23%. Repayments are made from net revenues of the Solid Waste Enterprise Fund, including monies received from the cities of Mountain View, Palo Alto, and Sunnyvale under the Memorandum of Understanding in connection with Sunnyvale’s Materials Recovery and Transfer Station (SMaRT Station). The loan was fully paid during fiscal year 2020/21.

\$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 June 30, 2051. As of June 30, 2021, the City has drawn down \$105,863,992. At June 30, 2021, the City has an outstanding unused line of credit in the net amount of \$17,204,530. 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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 12 – NONCURRENT LIABILITIES, Continued

The debt service requirements for the loan at June 30, 2021 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 2,734,369	\$ 1,799,688	\$ 4,534,057
2023	2,780,891	1,753,203	4,534,094
2024	2,828,148	1,705,928	4,534,076
2025	2,876,227	1,657,850	4,534,077
2026	2,925,123	1,608,954	4,534,077
2027-2031	15,388,644	7,281,739	22,670,383
2032-2036	16,741,916	5,928,469	22,670,385
2037-2041	18,214,190	4,456,192	22,670,382
2042-2046	19,815,940	2,854,445	22,670,385
2047-2051	21,558,544	1,111,840	22,670,384
Total	<u>\$ 105,863,992</u>	<u>\$ 30,158,308</u>	<u>\$ 136,022,300</u>

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, 2021, the outstanding loan balance is \$127,353.

The debt service requirements for the loan at June 30, 2021 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ -	\$ -	\$ -
2023	-	-	-
2024	-	-	-
2025	-	-	-
2026	-	-	-
2027-2031	-	3,974	3,974
2032-2036	-	9,935	9,935
2037-2041	-	9,935	9,935
2042-2046	-	9,935	9,935
2047-2051	-	9,935	9,935
2052-2056	51,625	9,135	60,760
2057-2060	75,728	2,381	78,109
Total	<u>\$ 127,353</u>	<u>\$ 55,230</u>	<u>\$ 182,583</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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, 2021 by activity are listed below:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2022	\$ 1,150,000	\$ 5,146,675	\$ 4,489,369	\$ 3,199,963
2023	1,250,000	5,086,675	4,590,891	3,105,029
2024	2,455,000	5,055,425	4,688,148	3,004,345
2025	2,580,000	4,932,675	4,796,227	2,899,524
2026	2,680,000	4,829,475	4,905,123	2,791,287
2027-2031	15,105,000	22,450,375	23,148,644	11,961,089
2032-2036	18,380,000	19,177,375	25,556,916	8,709,104
2037-2041	22,365,000	15,195,175	26,614,190	5,322,527
2042-2046	27,210,000	10,349,575	19,815,940	2,864,380
2047-2051	33,100,000	4,455,375	21,558,544	1,121,775
2052-2056	7,325,000	183,125	51,625	9,135
2057-2060	-	-	75,728	2,381
Subtotal	133,600,000	96,861,925	140,291,345	44,990,539
Add Unamortized Premium	19,220,554	-	3,386,890	-
Total	<u>\$ 152,820,554</u>	<u>\$ 96,861,925</u>	<u>\$ 143,678,235</u>	<u>\$ 44,990,539</u>

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 \$750,000 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, 2021

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 for the fiscal year ended June 30, 2020 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, 2021

NOTE 12 – NONCURRENT LIABILITIES, Continued

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

	<u>2021</u>	<u>2020</u>
General:		
Liability at beginning of fiscal year	\$ 2,869,000	\$ 2,784,000
Claims paid	(451,093)	(439,812)
Current fiscal year claims and changes in estimated liability	<u>949,093</u>	<u>524,812</u>
Liability at end of fiscal year	<u>\$ 3,367,000</u>	<u>\$ 2,869,000</u>
Workers' Compensation:		
Liability at beginning of fiscal year	\$ 19,684,000	\$ 19,761,000
Claims paid	(3,180,453)	(2,680,349)
Current fiscal year claims and changes in estimated liability	<u>2,362,453</u>	<u>2,603,349</u>
Liability at end of fiscal year	<u>\$ 18,866,000</u>	<u>\$ 19,684,000</u>
Total Estimated Claims Payable	<u>\$ 22,233,000</u>	<u>\$ 22,553,000</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 2.25% 2022, \$2.0% from 2023 to 2025, and 2.5% for 2026 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, 2021 was \$21,016,218. 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, 2021

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 new approved amount is 15 years, the shortest period allowed by law.

At June 30, 2021, liability in the amount of \$6,544,579 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, 2021. 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. Bonds in the amount of \$16,010,000 were redeemed in September 2002. The principal balance of outstanding bonds was \$13,315,000 at June 30, 2021.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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 6/30/2051	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)	\$18,690,550	\$3,232,521	\$21,421,550	\$5,732,480	\$123,068,522 ³	\$220,638,995 ³
Pledged revenues recognized during the period (net of operating expenses and operating transfers, also excluding depreciation and interest expense)	\$13,559,768		\$21,339,480		\$0	\$0
Debt service-principal and interest-paid during the period ²	\$521,350	\$632,220	\$632,000	\$1,374,480	\$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 \$105,863,992 as of June 30, 2021.

⁴ For the 2020 WIFIA Loan, see Note 15 for details. Amount represents approved loan amount. The City drew \$127,353 as of June 30, 2021.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 14 – OPERATING LEASE OBLIGATIONS

The City has a noncancelable operating lease for a portion of land located at Moffett Field from Planetary Ventures for the operation of the Sunnyvale Municipal Golf Course. The City also has a noncancelable golf cart lease for the Sunnyvale and Sunken Garden Golf Courses. The City has a dollar buyout lease for multifunction devices (copiers) placed at various city locations. Future minimum payments under these leases included \$197,881 for the year ending 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 2020/21, the City paid surcharges (proportional to the amount of water purchased) in the amount of \$1,729,776.

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, 2021

NOTE 15 – COMMITMENTS, Continued

Outstanding Construction Commitments

At June 30, 2021, the City had outstanding construction commitments for the following projects:

Governmental Activities:

<u>Description</u>	<u>Contract</u>	<u>Unpaid</u>
Civic Center Modernization Phase I	\$ 174,116,999	\$ 133,723,700
Serra & Washington Park Restroom Rehabilitation	16,071,000	16,071,000
Fair Oaks Avenue Overhead Bridge Rehabilitation	18,386,003	10,864,232
Fair Oaks Park & All-Inclusive Playground	16,300,000	10,145,306
Pavement Rehabilitation 2020	2,719,415	1,838,789
Homestead at Homestead High School Improvements	1,091,866	1,081,166
Annual Slurry Seal 2021	647,627	647,627
Reconstruction of Curbs, Gutters, Sidewalks	573,488	573,488
JWC Greenbelt Pathway Rehabilitation	433,700	433,700
Washington Community Swim Center	10,514,165	331,447
	<u>\$ 240,854,263</u>	<u>\$ 175,710,455</u>

Business-Type Activities:

<u>Description</u>	<u>Contract</u>	<u>Unpaid</u>
Lawrence Expressway Sanitary Sewer Rehabilitation	\$ 4,119,600	\$ 2,976,010
Primary Treatment Facility Pkge 2 - Reconstruct WPCP	107,201,106	1,910,307
Citywide H2O Line Replacement 2019	559,766	559,766
	<u>\$ 111,880,472</u>	<u>\$ 5,446,083</u>

Loan Agreement with State Water Resources Control Board

Refer to the Note 12 in the portion concerning 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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 15 – COMMITMENTS, Continued

- 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.
- 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, 2021

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, 2021, the required employer contribution rates for miscellaneous and safety plans were 34.189% and 60.792%, respectively.

Employees Covered - At June 30, 2020, the most recent information available, the following employees were covered by the benefit terms:

	Miscellaneous	Safety	Total
Inactive employees or beneficiaries currently receiving benefits	1,119	413	1,532
Inactive employees entitled to but not yet receiving benefits	932	63	995
Active employees	688	207	895
	<u>2,739</u>	<u>683</u>	<u>3,422</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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, 2020 (the measurement date of the net pension liability reported for fiscal year ended June 30, 2021), 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, 2021, the City reported the account balance of \$9,663,587 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, 2019; measurement date of June 30, 2020, and measurement period of July 1, 2019 to June 30, 2020.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 16 – PENSION PLANS, Continued

At June 30, 2021, the government-wide financial statements reported net pension liability as follows:

	Governmental Activities	Business-Type Activities
Miscellaneous Plan	\$ 140,142,702	\$ 54,171,375
Safety Plan	202,766,011	-
Total Net Pension Liability	<u>\$ 342,908,713</u>	<u>\$ 54,171,375</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2019 valuation was rolled forward to determine the June 30, 2020 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, 2019 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, 2021

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, 2019, 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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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, 2020

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at June 30, 2019	\$ 638,696,008	\$ 451,801,293	\$ 186,894,715
Changes Recognized for the Measurement Period:			
Service Cost	11,701,084	-	11,701,084
Interest on the Total Pension Liability	44,872,640	-	44,872,640
Differences between Expected and Actual Experience	(1,023,066)	-	(1,023,066)
Contributions - Employer	-	21,054,645	(21,054,645)
Contributions - Employee	-	5,201,737	(5,201,737)
Net Investment Income	-	22,511,843	(22,511,843)
Benefit Payments, including Refunds of Employee Contributions	(31,868,242)	(31,868,242)	-
Administrative Expenses	-	(636,929)	636,929
Net Changes	23,682,416	16,263,054	7,419,362
Balances at June 30, 2020	\$ 662,378,424	\$ 468,064,347	\$ 194,314,077

Pension Results, Provided by the Safety Plan
For the Measurement Date of June 30, 2020

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at June 30, 2019	\$ 600,841,133	\$ 408,470,748	\$ 192,370,385
Changes Recognized for the Measurement Period:			
Service Cost	10,810,262	-	10,810,262
Interest on the Total Pension Liability	42,233,127	-	42,233,127
Differences between Expected and Actual Experience	240,732	-	240,732
Contributions - Employer	-	18,970,323	(18,970,323)
Contributions - Employee	-	4,191,546	(4,191,546)
Net Investment Income	-	20,302,470	(20,302,470)
Benefit Payments, including Refunds of Employee Contributions	(31,627,776)	(31,627,776)	-
Administrative Expenses	-	(575,844)	575,844
Net Changes	21,656,345	11,260,719	10,395,626
Balances at June 30, 2020	\$ 622,497,478	\$ 419,731,467	\$ 202,766,011
Total balances at June 30, 2020 including Miscellaneous and Safety Plans	\$ 1,284,875,902	\$ 887,795,814	\$ 397,080,088

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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	\$ 279,855,405	\$ 194,314,077	\$ 123,507,252
Safety Plan	285,181,621	202,766,011	134,922,884

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, 2021

NOTE 16 – PENSION PLANS, Continued

For the measurement period ended June 30, 2020, the City recognized total pension expense of \$54,104,828, including \$26,562,350 for Miscellaneous Plan and \$27,542,478 for Safety Plans.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Miscellaneous Plan:		
Employer Contributions Subsequent to Measurement Date	\$ 23,049,542	\$ -
Changes of Assumptions	-	-
Differences between Expected and Actual Experiences	2,027,420	(613,840)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,622,868	-
Total Miscellaneous Plan	\$ 28,699,830	\$ (613,840)
Safety Plan:		
Employer Contributions Subsequent to Measurement Date	\$ 20,976,998	\$ -
Changes of Assumptions	-	(189,450)
Differences between Expected and Actual Experiences	1,961,879	(83,886)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	3,191,571	-
Total Safety Plan	\$ 26,130,448	\$ (273,336)
All Plans	\$ 54,830,278	\$ (887,176)

The total amount of \$44,026,540 (\$23,049,542 for Miscellaneous Plan and \$20,976,998 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, 2022.

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

Fiscal Year Ending June 30,	Miscellaneous Plan	Safty Plan
2022	\$ (254,665)	\$ (469,701)
2023	1,033,086	1,503,105
2024	2,359,666	2,141,633
2025	1,898,361	1,705,077

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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, 2020. The Plan’s stand-alone financial report for the fiscal year ended June 30, 2020 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, 2020 (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 (\$532 for SEIU, \$515 for PSOA, \$815 for COA, and \$967 for SEA/Confidential/Management per month at June 30, 2021). 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, 2021, the monthly City contribution of \$143 represents the PEMHCA required minimum employer contribution amount.

Employees Covered - At June 30, 2020, the most recent information available, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	838
Inactive employees entitled to but not yet receiving benefits	93
Active employees	885
	<u>1,816</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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, 2020, aside from the implied subsidy of \$1,556,435, the City pre-funded \$4,359,000 to the Trust while contributing \$6,138,621 outside of Trust on a pay-as-you-go basis for current benefit payments and PEMHCA administration expenses for a total contribution of \$12,054,056. 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, 2020, and measurement period of July 1, 2019 to June 30, 2020.

At June 30, 2021, the government-wide financial statements reported net OPEB liability as follows:

	Amount
Governmental Activities	\$ 50,779,664
Business-Type Activities	11,054,930
Total Net OPEB Liability	<u>\$ 61,834,594</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, 2021

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following 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

Change of Assumptions

During measurement period ended June 30, 2020, actuarial assumptions for medical trend were adjusted and the mortality improvement scale was updated.

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, 2021

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%	4.53%
International Equity	21.0%	4.93%
Fixed Income	40.0%	1.47%
Total	100.0%	

C. Changes in the Net OPEB Liability

**Results Provided by the OPEB Plan
 For the Measurement Date of June 30, 2020**

	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balances at June 30, 2019	\$ 174,693,376	\$ 105,094,870	\$ 69,598,506
Changes Recognized for the Measurement Period:			
Service Cost	5,963,549	-	5,963,549
Interest on the Total OPEB Liability	10,609,180	-	10,609,180
Actual vs Expected Experience	(12,386,222)	-	(12,386,222)
Changes of Assumptions	6,174,688	-	6,174,688
Contributions - Employer	-	12,054,056	(12,054,056)
Net Investment Income	-	6,091,558	(6,091,558)
Benefit Payments, including Refunds of Employee Contributions	(7,674,549)	(7,674,549)	-
Administrative Expenses	-	(20,507)	20,507
Net Changes	2,686,646	10,450,558	(7,763,912)
Balances at June 30, 2020	\$ 177,380,022	\$ 115,545,428	\$ 61,834,594

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%)	Current Discount Rate (6%)	Discount Rate +1% (7%)
Net OPEB Liability	\$ 87,135,923	\$ 61,834,594	\$ 41,221,460

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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	\$ 45,554,505	\$ 61,834,594	\$ 82,505,249

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan’s fiduciary net position is available in the separately issued 2020 Sunnyvale Retiree Healthcare Plan Report 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, 2020, the City recognized total OPEB expense of \$6,455,213.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

At June 30, 2021, 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	\$ 11,640,712	\$ -
Change of Assumptions	7,529,164	-
Differences between Expected and Actual Experience	-	(17,144,123)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(1,209,236)
	<u> </u>	<u> </u>
Total	<u>\$ 19,169,876</u>	<u>\$ (18,353,359)</u>

The amount of \$11,640,712, 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, 2022.

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
2022	\$ (3,714,639)
2023	(3,171,267)
2024	(2,229,930)
2025	(1,042,835)
2026	(665,524)

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, 2021

NOTE 18 – INTERFUND TRANSFERS, Continued

Below is a summary of interfund transfers:

Fund Receiving Transfers	Fund Making Transfers	Amount Transferred	Funding Purpose
General Fund	Nonmajor Governmental	\$ 272,261	(3)
	Wastewater Management	1,002,726	(3)
	Solid Waste Management	2,100,159	(3)
	Water Supply and Distribution	73,472	(1)
	Development	36,411	(1)
	Internal Service Fund	10,211,754	(1)
	Subtotal - General Fund	13,696,783	
Housing Special Revenue	Nonmajor Governmental	1,000,000	(3)
City Projects	General Fund	50,983	(1)
	Park Dedication Special Revenue	3,850,132	(1)
	Nonmajor Governmental	182,742	(1)
	Infrastructure Renovation and Replacement	73,905	(1)
Subtotal - City Projects	4,157,762		
Infrastructure Renovation and Replacement	General Fund	234,942	(1)
	Park Dedication Special Revenue	1,418,674	(1)
	Nonmajor Governmental	435,228	(1)
	City Projects	5,888,343	(1)
	Internal Service Fund	2,386,307	(1)
	Water Supply and Distribution	611	(1)
	Wastewater Management	309	(1)
	Subtotal - Infrastructure Renovation and Replacement	10,364,414	
Nonmajor Governmental	Internal Service Fund	7,829,979	(4)
	Water Supply and Distribution	724,273	(4)
	Wastewater Management	497,204	(4)
	Solid Waste Management	736,018	(4)
	General Fund	1,951,955	(1)
	Subtotal - Nonmajor Governmental	11,739,429	
Internal Service Fund	General Fund	2,068,082	(1)
	Housing Special Revenue	11,841	(1)
	Water Supply and Distribution	708,292	(1)
	Wastewater Management	1,067,185	(1)
	Solid Waste Management	384,093	(1)
	Golf and Tennis Operations	49,786	(1)
	Development	367,176	(1)
	Internal Service Fund	228,444	(1)
	Park Dedication Special Revenue	2,062,206	(1)
	Infrastructure Renovation and Replacement	1,147,691	(1)
	SMaRT Station	193,325	
	Nonmajor Governmental	1,275,084	(1)
	Subtotal - Internal Service	9,563,205	
	Water Supply & Distribution	Wastewater Management	88,078
Wastewater Management	General Fund	62,960	(1)
Solid Waste Management	General Fund	90,101	(1)
	Wastewater Management	3,206	(1)
	Subtotal - Solid Waste Management	93,307	
SMaRT Station	Solid Waste Management	510,613	(2)
Golf and Tennis Operations	General Fund	1,715,000	(3)
Total Interfund Transfers		\$ 52,991,551	

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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, 2021

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

The following schedule presents details of fund balance components at June 30, 2021:

	Major Funds							Total
	General Fund	Housing Special Revenue	Dedication Special Revenue	Park City Projects	Infrastructure Renovation & Replacement	Capital Project Civic Center	Nonmajor Governmental Funds	
Fund Balances:								
Nonspendable:								
Inventories and Prepaid Items	\$ 611,843	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 611,843
Long-term Receivables Net of Deferred Inflows of Resources	941,205	-	-	-	-	-	-	941,205
Assets Held for Resale	1,101,077	-	-	-	-	-	-	1,101,077
Permanent Fund Principal Columbia Neighborhood Center Endowment	-	-	-	-	-	-	1,625,589	1,625,589
Subtotal	3,202,667	-	-	-	-	-	1,625,589	4,828,256
Restricted for:								
Donations and Contributions from External Sources	1,260,887	-	-	-	-	-	-	1,260,887
Hazardous Materials Program Enforcement Actions	598,867	-	-	-	-	-	-	598,867
Housing Mitigation	-	99,337,665	-	-	-	-	-	99,337,665
Assets Held for Resale	-	280,000	-	-	-	-	-	280,000
Housing - CDBG and HOME Grants Low and Moderate Income Housing Assets	-	-	-	-	-	-	7,638,651	7,638,651
Park Dedication	-	-	85,589,228	-	-	-	-	85,589,228
Law Enforcement - Asset Forfeiture	-	-	-	-	-	-	76,056	76,056
Police Services Augmentation	-	-	-	-	-	-	269,692	269,692
Workforce Training and Development	-	-	-	-	-	-	127,498	127,498
Downtown Parking Maintenance	-	-	-	-	-	-	842,768	842,768
Public Street and Highways	-	-	-	-	-	-	13,822,553	13,822,553
Debt Service Reserve	1,242,375	-	-	-	-	-	-	1,242,375
Capital Projects Funded by External Resources	-	-	-	86,471,493	-	107,949,278	-	194,420,771
Subtotal	3,102,129	99,617,665	85,589,228	86,471,493	-	107,949,278	42,891,255	425,621,048
Committed to:								
Contingency Reserve	26,266,632	-	-	-	-	-	-	26,266,632
Capital Improvement Projects	5,955,387	-	-	-	2,486,416	-	-	8,441,803
Current Capital and Special Projects Carryover	45,383,963	-	-	-	-	-	-	45,383,963
Subtotal	77,605,982	-	-	-	2,486,416	-	-	80,092,398
Assigned to:								
Infrastructure Renovation and Improvement Projects	-	-	-	-	71,582,946	-	-	71,582,946
Unassigned:								
General Fund	46,235,693	-	-	-	-	-	-	46,235,693
Special Revenue Fund	-	-	-	-	-	-	(749,659)	(749,659)
Subtotal	46,235,693	-	-	-	-	-	(749,659)	45,486,034
Total	\$ 130,146,471	\$ 99,617,665	\$ 85,589,228	\$ 86,471,493	\$ 74,069,362	\$ 107,949,278	\$ 43,767,185	\$ 627,610,682

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, 2021

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 2021 adopted budget, the Contingency Reserve was identified and set aside for the designated purpose in the amount of \$26,266,632.

The General Fund Reserve for Capital Improvement Projects primarily reflects the proceeds from land sales between fiscal year 2006 and fiscal year 2021. Such proceeds have been used for specific capital improvement projects as approved by the Council. The reserve balance at year end was \$5,955,387, 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 \$45,383,963 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 2021, this stabilization fund had a balance of \$46,235,693 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 \$99,617,665 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 \$85,589,228 is for the purpose of acquisition, construction, or renovation of neighborhood parks.

For the City Projects Fund, total fund balance was \$86,471,493 and represents the restricted resources from grants and impact fees.

For the Infrastructure Renovation and Improvement Fund, the amount of \$2,486,416 represents resources committed to specific capital improvements as approved by the Council. The remaining fund balance of \$71,582,946 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 \$107,949,278 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, 2021

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 7/1/21-12/31/21	Unspent Amounts from Prior Advances	Total Amounts Held at 6/30/21
Central Core Tax Allocation Bonds Debt Service	\$ 585,763	\$ (62,230)	\$ 523,533
Fiscal Agent Trustee Fees	3,000	1,948	4,948
Town Center Pollution Remediation Obligations	35,000	121,637	156,637
Town Center Development Agreement Management	25,000	(25,000)	-
Low and Moderate Income Housing Asset Fund Repayment	3,589,301	-	3,589,301
Administration Funded by RPTTF	30,000	195,305	225,305
Total	\$ 4,268,064	\$ 231,660	\$ 4,499,724

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

At June 30, 2021, cash and investments held by the RSA in LAIF and in the City Treasury Pool was \$537,987 and \$3,961,737, respectively, which totaled to \$4,499,724. Additionally, investments totaling \$658,294 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)	\$ 9,931,378
Interest Receivable	984
Total Receivables	<u>\$ 9,932,362</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 \$9,931,378 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 activities. This amount did not take into consideration any land use restrictions on the property.

D. Accrued Interest Payable

As of June 30, 2021, \$21,469 of interest was accrued on the 2003 Tax Allocation Bonds.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

E. Noncurrent Liabilities

Description	Balance, June 30, 2020	Additions	Reductions	Balance, June 30, 2021	Due Within One Year
Redevelopment Successor Agency Private-Purpose Trust Fund:					
Bonds Payable:					
Central Core Tax Allocation Bonds, Series 2003	\$ 1,680,000	\$ -	\$ (535,000)	\$ 1,145,000	\$ 560,000
Contractual Obligations under the 2016 MRADDOPA:					
Town Center Pollution Remediation Obligations to Developer	526,257	-	(7,718)	518,539	70,000
Payable to the Low and Moderate Income Housing Asset Fund	6,509,239	-	(2,919,938)	3,589,301	3,589,301
Former RDA Obligations Due to the City	33,180,310	2,005,853	-	35,186,163	-
Total	\$ 41,895,806	\$ 2,005,853	\$ (3,462,656)	\$ 40,439,003	\$ 4,219,301

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:

Bonded Debt	Par Amount	Moody's	S&P
Central Core Tax Allocation Refunding Bonds, Series 2003	\$ 1,145,000	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, 2021 were as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 560,000	\$ 38,925	\$ 598,925
2023	585,000	13,163	598,163
Total	\$ 1,145,000	\$ 52,088	\$ 1,197,088

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

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, 2021

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 \$1,346,902 have been incurred since the RDA dissolution, including \$7,718 in this year. At year end, the estimated remaining amount is \$518,539.

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, 2021

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, 2021, the remaining amount of the LMIHAF obligation was \$3,589,301, which will be repaid on July 1, 2021, which was part of the June RPTTF distribution to the Successor Agency for the next six months.

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, 2021

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	\$ 9,931,378	\$ 1,302,858	\$ 11,234,236
Administrative Loan	14,017,916	7,913,290	21,931,206
Plaza Loan	1,500,000	520,721	2,020,721
Loan Balance, June 30, 2021	<u>\$ 25,449,294</u>	<u>\$ 9,736,870</u>	<u>\$ 35,186,163</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 \$35,186,163 was reported and fully allowed for by the General Fund.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021

NOTE 21 – UNCERTAINTIES

In March 2020, the World Health Organization declared the coronavirus COVID-19 a global pandemic. This global pandemic and related adverse public health developments have adversely affected organizations and its workforces, economics, and financial markets globally. It has also disrupted the normal operations of many governmental organizations, including the City. The City expects this outbreak to impact the City's operations for future reporting periods. It is not possible for the City to predict the duration or magnitude of the adverse results of the outbreak and its effects on the City's operations.

NOTE 22 – SUBSEQUENT EVENTS

- A. *Sunnyvale Block 15 Affordable Housing Project Agreement:*** On October 14, 2021, the City disbursed \$17.5 million to fund two new loans for an affordable rental housing development. In accordance with the January 2019 disposition and development agreement with Sunnyvale Block 15 Housing Partners L.P., the loans were provided to develop ninety dwelling units at the city-owned 1.44 acres of real estate property located at 402 Charles Street and 403 Mathilda Sunnyvale. The dwelling units in the project are restricted to be affordable for rent to lower-income households. The loans were funded by Housing Mitigation Fees (\$17.0 million) and HOME Federal Program (\$0.5 million). The loan amount funded by the HOME Federal Program is to be administered in accordance with federal laws and regulations.
- B. *Real Estate Property Purchase:*** On November 17, 2021, the City purchased a real estate property, which is in an approximate 1.31 acre of developed land located at 970 West Evelyn Avenue, Sunnyvale. Transportation Impact Fee revenue in the amount \$8.5 million was used to purchase the property. The City expects to use the property as part of the Mary Avenue Grade Separation Project (Mary Avenue Project). The Mary Avenue Project is expected to reduce the risk of collisions between trains and pedestrians, bicyclists, and vehicles, and reduce congestion due to increased train activity. The Mary Avenue Project is currently in the preliminary design phase which is expected to be completed in early to mid-2022. Environmental studies and final design is anticipated to take approximately two years after the design phase. The property is currently under an active lease which will be assigned to the City with an expiration date of June 30, 2025.

Required Supplementary Information (Unaudited)

**Required Supplementary Information
Fiscal Year Ended June 30, 2021**

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, 2021**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive(Negative)
Budgetary Fund Balance, July 1, 2020	\$ 81,756,810	\$ 121,834,765	\$ 121,834,765	\$ -
Resources (inflows):				
Property Taxes	90,750,445	93,432,808	101,296,792	7,863,984
Sales and Use Taxes	27,163,221	26,255,743	25,944,524	(311,219)
Other Taxes	26,327,779	19,222,453	20,129,751	907,298
Franchise Fees	7,442,089	7,069,800	6,979,663	(90,137)
Intergovernmental Revenues	624,724	3,920,528	1,778,537	(2,141,990)
Permits and Licenses	1,633,358	1,862,642	1,894,016	31,374
Fines and Forfeitures	757,221	766,034	745,131	(20,903)
Service Fees	3,627,900	3,305,215	3,672,511	367,296
Rents and Concessions	988,135	572,633	885,930	313,297
Investment Earnings	1,685,230	2,089,937	2,637,283	547,347
Interfund Revenues	6,539,117	6,539,117	6,539,117	-
Other Revenues	770,105	9,767,365	598,998	(9,168,366)
Transfers In	26,819,961	25,449,886	24,501,568	(948,318)
Total Resources	195,129,284	200,254,161	197,603,821	(2,650,340)
Charges to appropriations (outflows):				
City Attorney	1,875,126	1,875,126	2,023,531	(148,405)
City Manager	5,505,884	5,505,884	5,040,032	465,852
Community Development	1,681,767	1,681,767	1,653,202	28,565
Finance	11,298,211	11,298,211	10,411,853	886,358
Human Resources	5,136,261	5,136,261	4,453,762	682,500
Library and Community Services	18,308,181	18,308,181	17,401,625	906,556
Public Safety	102,064,173	102,064,174	101,373,568	690,606
Public Works	25,057,955	23,557,955	23,303,916	254,039
Environmental Services	2,417,676	2,417,676	2,218,011	199,665
Capital Outlay and Special Projects	15,985,698	62,256,354	14,286,645	47,969,710
Debt Service	1,249,335	1,249,335	1,242,375	6,960
Transfers Out	11,185,525	9,442,435	8,985,231	457,204
Total charges to appropriations	201,765,792	244,793,360	192,393,750	52,399,610
Excess of resources over (under) charges to appropriations	(6,636,509)	(44,539,199)	5,210,071	49,749,270
Net amount of resources in nonspendable form converted from cash during the year ¹	-	-	1,183,300	1,183,300
Budgetary Fund Balance, June 30, 2021	\$ 75,120,301	\$ 77,295,566	\$ 128,228,136	\$ 50,932,570

¹ Nonspendable resources include inventory and prepayments, asset held for resale, and long-term loans to employees.

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2021

BUDGETARY POLICY AND CONTROL, Continued

Budgetary Comparison Schedule - Housing Special Revenue Fund
Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance, July 1, 2020	\$ 30,317,020	\$ 55,699,854	\$ 55,699,854	\$ -
Resources (inflows):				
Service Fees	45,330,729	4,454,579	2,008,648	(2,445,932)
Rents and Concessions	-	290,400	404,288	113,888
Interest Income	867,751	899,908	1,062,774	162,867
Other Revenues	344,323	233,166	250,256	17,090
Transfer In	1,500,000	1,000,000	1,000,000	-
Total Resources	48,042,803	6,878,054	4,725,967	(2,152,087)
Charges to appropriations (outflows):				
Community Development	1,120,857	1,120,857	888,902	231,955
Capital Outlay and Special Projects	12,270,114	25,719,807	505,058	25,214,749
Transfers Out	528,277	9,108,441	108,441	9,000,000
Total charges to appropriations	13,919,248	35,949,106	1,502,401	34,446,705
Excess of resources over (under) charges to appropriations	34,123,555	(29,071,052)	3,223,565	32,294,618
Budgetary Fund Balance, June 30, 2021	\$ 64,440,575	\$ 26,628,802	\$ 58,923,419	\$ 32,294,618

Budgetary Comparison Schedule – Park Dedication Special Revenue Fund
Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance, July 1, 2020	\$ 41,659,804	\$ 99,504,773	\$ 99,504,773	\$ -
Resources (inflows):				
Service Fees	41,704,226	6,927,565	4,203,104	(2,724,460)
Interest Income	1,717,073	1,175,236	1,859,771	684,535
Total Resources	43,421,299	8,102,801	6,062,876	(2,039,925)
Charges to appropriations (outflows):				
Capital Outlay and Special Projects	-	43,628,558	14,677,565	28,950,993
Transfers Out	7,534,157	5,681,973	7,331,013	(1,649,040)
Total charges to appropriations	7,534,157	49,310,531	22,008,578	27,301,953
Excess of resources over (under) charges to appropriations	35,887,142	(41,207,730)	(15,945,702)	25,262,028
Budgetary Fund Balance, June 30, 2021	\$ 77,546,946	\$ 58,297,043	\$ 83,559,071	\$ 25,262,028

See Accompanying Notes to the Budgetary Comparison Schedule

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2021

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	\$ 197,603,821	\$ 4,725,967	\$ 6,062,876
Differences - Budget to GAAP			
Loan principal repayments are a budgetary resource but are not revenues for financial reporting purposes	-	(109,270)	-
Change in fair value of investments is not a budgetary resource	(2,103,884)	(987,337)	(1,499,502)
Change in allowance for housing loans is not a budgetary resource	-	(7,827)	-
GAAP Reporting Entity Differences:			
- Internal Agency Fund not budgeted in the General Fund	215,582	-	-
- Youth and Neighborhood Services not budgeted in the General Fund	231,663	-	-
- Disaster Emergencies not budgeted in General Fund	1,932,363	-	-
- ARPA (American Rescue Plan Act of 2021) not budgeted in General Fun	14,077,015	-	-
Timing difference for recognition of revenue which has been deferred for financial			
Armory ground lease	82,222	-	-
Public Safety sales tax net adjustment	(39,111)	-	-
Abandoned Vehicle Fees	(44,998)	-	-
ARPA (American Rescue Plan Act of 2021)	(14,077,015)	-	-
Transfers from other funds for administrative reimbursements are inflows of expenditure reductions for financial reporting	(2,119,300)	-	-
Other funds' operating in-lieu payments reported as transfers	(24,501,568)	-	-
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	\$ 171,256,790	\$ 2,621,533	\$ 4,563,374
Uses/Outflows of Resources			
Actual amounts (budgetary basis) of "total charges to appropriations" from the budgetary comparison schedule	\$ 192,393,750	\$ 1,502,401	\$ 22,008,578
Differences - Budget to GAAP			
GAAP Reporting Entity Differences:			
- Internal Agency Fund not budgeted in the General Fund	110,015	-	-
- Youth and Neighborhood Services is not budgeted in the General Fund	776,550	-	-
- Disaster Emergencies not budgeted in General Fund	1,293,339	-	-
Unbudgeted activity - Multimodal Sinking Fund is not budgeted in the General Fu	(9,131)	-	-
Unbudgeted activity - Inventory adjustment not budgeted in the General Fund	(1,130)	-	-
Loan disbursements are outflows of budgetary resource but are not expenditures for financial reporting purposes	-	(500,000)	-
Transfers from other funds for administrative reimbursements are inflows of budgetary resources but are expenditure reductions for financial reporting	(12,924,085)	-	-
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(6,821,666)	(11,841)	(7,331,013)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ 174,817,642	\$ 990,560	\$ 14,677,565

See Accompanying Notes to the Budgetary Comparison Schedule

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2021

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, 2021

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 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 inline with authorized positions.

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2021

Notes to the Budgetary Comparison Schedule, Continued

3. Budgetary Highlights

The General Fund

The General Fund original appropriations budget (outflows) of \$201,765,792 was modified during the fiscal year to incorporate project, equipment, and transfer appropriation carryover from prior years of \$38,842,916. Of significance was \$5,447,803 in new appropriations. These changes net against other adjustments during the FY 2021/22 budget development process for a final amended budget of \$244,793,360. The funding sources for these amendments were due to grant revenue, additional revenue estimated during midyear budget adjustments, General Fund savings due to other funding sources, 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 \$5,124,877 due primarily to midyear adjustments during FY 2021/22 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 (\$907,478) and Transient Occupancy Tax (\$5,308,667) were reduced to reflect the continued economic challenges associated with the COVID-19 pandemic. Net other adjustments to revenue estimates, notable increases included an additional \$2,682,363 for Property Tax. \$1,932,000 of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding and \$14,077,015 of American Rescue Plan Act funding to offset the economic impacts of the COVID-19 pandemic are also included in the final revenue budget.

The Housing Special Revenue Fund

The City's Housing Fund original appropriation budget of \$13,919,248 was increased during the fiscal year by \$22,029,858. \$11,841 was a new appropriation for a supplemental transfer to the pension trust. The final budget also comprises carryover appropriations from prior years, including \$9,000,000 for a transfer of property from the General Fund to the Housing Fund.

The Park Dedication Special Revenue Fund

The original appropriation budget of the City's Park Dedication Fund was \$7,534,157 and was modified during the fiscal year with \$3,399,392 in new appropriations for the All Inclusive Playground and Fair Oaks Renovation and Enhancement projects. The difference between original and final appropriation budget is the result of carryover from prior fiscal years.

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2021

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:

Condition	Rating
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 2021 for fiscal year 2021. In that study, the City’s street system was rated at a PCI index of 77 on the average with the detail condition as follows:

Condition	Rating
Excellent	9.8%
Very Good	41.0%
Good	31.0%
Fair	9.4%
At Risk	5.4%
Poor	2.8%
Failed	0.6%

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2021**MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS, Continued**

While the 2021 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 \$10,060,000 on street maintenance for the fiscal year ended June 30, 2021. 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>
2016-2017	\$ 7,838,000	\$ 3,967,000	76
2017-2018	11,147,287	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

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, 2021

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	2020	2019
TOTAL PENSION LIABILITY		
Service Cost	\$ 11,701,084	\$ 11,559,006
Interest on Total Pension Liability	44,872,640	43,217,539
Changes of Assumptions	-	-
Difference Between Expected and Actual Experience	(1,023,066)	8,785,490
Benefit Payments, Including Refunds of Employee Contributions	(31,868,242)	(29,484,250)
Net Change in Total Pension Liability	23,682,416	34,077,785
Total Pension Liability – Beginning	638,696,008	604,618,223
Total Pension Liability – Ending (a)	\$ 662,378,424	\$ 638,696,008
PLAN FIDUCIARY NET POSITION		
Contributions – Employer	\$ 21,054,645	\$ 19,631,877
Contributions – Employee	5,201,737	5,467,671
Net Investment Income	22,511,843	28,083,867
Benefit Payments, Including Refunds of Employee Contributions	(31,868,242)	(29,484,250)
Other Miscellaneous Expense	-	995
Administrative Expense	(636,929)	(305,720)
Net Change in Fiduciary Net Position	16,263,054	23,394,440
Plan Fiduciary Net Position – Beginning	451,801,293	428,406,853
Plan Fiduciary Net Position – Ending (b)	\$ 468,064,347	\$ 451,801,293
Plan Net Pension Liability – Ending (a) - (b)	\$ 194,314,077	\$ 186,894,715
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.66%	70.74%
Covered Payroll ⁴	\$ 66,521,230	\$ 64,370,478
Plan Net Pension Liability as a Percentage of Covered Payroll	292.11%	290.34%

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, 2019 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 period 2019 and 2020.

2018	2017	2016	2015	2014
\$ 11,199,730	\$ 10,842,227	\$ 9,680,984	\$ 9,957,430	\$ 10,186,565
40,900,336	39,261,483	38,249,412	36,727,690	35,343,753
(4,081,790)	32,106,944	-	(8,859,441)	-
3,645,229	(6,019,442)	(2,309,130)	(4,993,806)	-
(27,829,331)	(26,020,390)	(24,937,993)	(23,753,937)	(21,670,122)
23,834,174	50,170,822	20,683,273	9,077,936	23,860,196
580,784,049	530,613,227	509,929,954	500,852,018	476,991,822
\$ 604,618,223	\$ 580,784,049	\$ 530,613,227	\$ 509,929,954	\$ 500,852,018
\$ 16,854,299	\$ 15,147,804	\$ 14,617,203	\$ 13,259,494	\$ 13,538,441
5,008,021	4,604,224	4,584,629	4,498,949	4,900,096
34,014,678	41,501,524	474,899	8,380,085	56,229,060
(27,829,331)	(26,020,390)	(24,937,993)	(23,753,937)	(21,670,122)
(1,191,114)	-	579	(288)	-
(626,703)	(542,569)	(227,308)	(419,766)	-
26,229,850	34,690,593	(5,487,991)	1,964,537	52,997,475
402,177,003	367,486,410	372,974,401	371,009,864	318,012,389
\$ 428,406,853	\$ 402,177,003	\$ 367,486,410	\$ 372,974,401	\$ 371,009,864
\$ 176,211,370	\$ 178,607,046	\$ 163,126,817	\$ 136,955,553	\$ 129,842,154
70.86%	69.25%	69.26%	73.14%	74.08%
\$ 61,107,215	\$ 57,600,952	\$ 55,959,435	\$ 56,387,283	\$ 54,657,753
288.36%	310.08%	291.51%	242.88%	237.55%

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2021

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	2020	2019
TOTAL PENSION LIABILITY		
Service Cost	\$ 10,810,262	\$ 10,590,296
Interest on Total Pension Liability	42,233,127	40,740,521
Changes of Assumptions	-	-
Difference Between Expected and Actual Experience	240,732	4,796,806
Benefit Payments, Including Refunds of Employee Contributions	(31,627,776)	(29,984,051)
Net Change in Total Pension Liability	21,656,345	26,143,572
Total Pension Liability – Beginning	600,841,133	574,697,561
Total Pension Liability – Ending (a)	\$ 622,497,478	\$ 600,841,133
PLAN FIDUCIARY NET POSITION		
Contributions – Employer	\$ 18,970,323	\$ 17,722,518
Contributions – Employee	4,191,546	4,108,581
Net Investment Income	20,302,470	25,483,098
Benefit Payments, Including Refunds of Employee Contributions	(31,627,776)	(29,984,051)
Plan to Plan Resource Movement	-	911
Administrative Expense	(575,844)	(279,325)
Net Change in Fiduciary Net Position	11,260,719	17,051,732
Plan Fiduciary Net Position – Beginning	408,470,748	391,419,016
Plan Fiduciary Net Position – Ending (b)	\$ 419,731,467	\$ 408,470,748
Plan Net Pension Liability – Ending (a) - (b)	\$ 202,766,011	\$ 192,370,385
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.43%	67.98%
Covered Payroll ²	\$ 34,849,331	\$ 33,702,370
Plan Net Pension Liability as a Percentage of Covered Payroll	581.84%	570.79%

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, 2019 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 and 2020.

2018	2017	2016	2015	2014
\$ 10,198,713	\$ 10,631,055	\$ 9,135,944	\$ 8,771,544	\$ 9,513,550
38,968,908	37,837,829	36,805,665	35,349,092	33,899,709
(3,031,221)	31,727,462	-	(8,685,061)	-
(1,342,176)	(3,692,230)	(182,810)	(1,105,115)	-
(28,780,790)	(27,339,259)	(25,948,338)	(24,211,372)	(22,125,777)
16,013,434	49,164,857	19,810,461	10,119,088	21,287,482
558,684,127	509,519,270	489,708,809	479,589,721	458,302,239
\$ 574,697,561	\$ 558,684,127	\$ 509,519,270	\$ 489,708,809	\$ 479,589,721
\$ 14,914,181	\$ 13,836,093	\$ 12,634,254	\$ 11,312,835	\$ 12,221,414
3,875,143	4,039,494	3,911,682	3,970,442	3,689,599
31,151,544	38,624,125	489,200	7,812,498	54,102,751
(28,780,790)	(27,339,259)	(25,948,338)	(24,211,372)	(22,125,777)
(1,100,642)	-	(579)	202	-
(580,496)	(506,839)	(214,779)	(396,404)	-
19,478,940	28,653,614	(9,128,560)	(1,511,799)	47,887,987
371,940,076	343,286,462	352,415,022	353,926,821	306,038,834
\$ 391,419,016	\$ 371,940,076	\$ 343,286,462	\$ 352,415,022	\$ 353,926,821
\$ 183,278,545	\$ 186,744,051	\$ 166,232,808	\$ 137,293,787	\$ 125,662,900
68.11%	66.57%	67.37%	71.96%	73.80%
\$ 32,177,671	\$ 33,006,474	\$ 31,449,031	\$ 29,886,011	\$ 31,473,683
569.58%	565.78%	528.58%	459.39%	399.26%

Required Supplementary Information, Continued

Fiscal Year Ended June 30, 2021

PENSIONS

**City of Sunnyvale Miscellaneous Plan
Schedule of Plan Contributions for the Fiscal Years Ended June 30
Last 10 Years¹**

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>
Actuarially Determined Contribution	\$ 23,049,542	\$ 21,054,645	\$ 18,631,877
Contributions in Relation to the Actuarially Determined Contributions	(23,049,542)	(21,054,645)	(19,631,877)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>
Covered Payroll ²	\$ 71,999,801	\$ 66,521,230	\$ 64,370,478
Contributions as a Percentage of Covered Payroll	32.01%	31.65%	30.50%

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 2021 contribution rates are as follows:

Valuation date	6/30/2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Market 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.

Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
\$ 16,854,299	\$ 15,147,804	\$ 13,917,203	\$ 12,759,494	\$ 11,511,570
(16,854,299)	(15,147,804)	(14,617,203)	(13,259,494)	(13,538,441)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ (500,000)</u>	<u>\$ (2,026,871)</u>
\$ 61,107,215	\$ 57,600,952	\$ 55,959,435	\$ 56,387,283	\$ 54,657,753
27.58%	26.30%	26.12%	23.52%	24.77%

Required Supplementary Information, Continued

Fiscal Year Ended June 30, 2021

PENSIONS

**City of Sunnyvale Safety Plan
Schedule of Plan Contributions for the Fiscal Years Ended June 30
Last 10 Years¹**

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>
Actuarially Determined Contribution	\$ 20,976,998	\$ 18,970,323	\$ 16,722,518
Contributions in Relation to the Actuarially Determined Contributions	(20,976,998)	(18,970,323)	(17,722,518)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>
Covered Payroll ³	\$ 37,729,979	\$ 34,849,331	\$ 33,702,370
Contributions as a Percentage of Covered Payroll	55.60%	54.44%	52.59%

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 2021 contribution rates are as follows:

Valuation date	6/30/2018
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Market 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.



Fiscal Year 2018	Fiscal Year 2017	Fiscal Year 2016	Fiscal Year 2015	Fiscal Year 2014
\$ 14,914,181	\$ 13,836,093	\$ 11,934,254	\$ 10,812,835	\$ 10,310,729
(14,914,181)	(13,836,093)	(12,634,254)	(11,312,835)	(12,221,414)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ (500,000)</u>	<u>\$ (1,910,685)</u>
\$ 32,177,671	\$ 33,006,474	\$ 31,449,031	\$ 29,886,011	\$ 31,473,683
46.35%	41.92%	40.17%	37.85%	38.83%

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2021

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	2020	2019	2018	2017
Total OPEB liability:				
Service Cost	\$ 5,963,549	\$ 5,789,853	\$ 5,126,673	\$ 5,288,000
Interest	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	(7,674,549)	(7,211,618)	(7,249,724)	(6,927,000)
Net change in Total OPEB Liability	2,686,646	8,670,641	(895,265)	8,437,000
Total OPEB Liability - Beginning	174,693,376	166,022,735	166,918,000	158,481,000
Total OPEB Liability - Ending (a)	\$177,380,022	\$174,693,376	\$166,022,735	\$166,918,000
Plan Fiduciary Net Position				
Contributions - Employer	\$ 12,054,056	\$ 12,048,370	\$ 11,332,886	\$ 11,170,000
Net Investment Income	6,091,558	6,472,434	6,736,501	7,702,310
Benefit Payments	(7,674,549)	(7,211,618)	(7,249,724)	(6,927,000)
Administrative Expense	(20,507)	(17,752)	(24,162)	(214,535)
Net Change in Plan Fiduciary Net Position	10,450,558	11,291,434	10,795,501	11,730,775
Plan Fiduciary Net Position-Beginning	105,094,870	93,803,436	83,007,935	71,277,160
Plan Fiduciary Net Position-Ending (b)	\$115,545,428	\$105,094,870	\$ 93,803,436	\$ 83,007,935
City's Net OPEB liability (a) - (b)	\$ 61,834,594	\$ 69,598,506	\$ 72,219,299	\$ 83,910,065
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	65.14%	60.16%	56.50%	49.73%
Covered-Employee Payroll (Contributions not based on measure of pay)	\$114,830,357	\$110,932,793	\$104,981,096	\$ 99,643,412
City's Net OPEB Liability as a Percentage of Covered Employee Payroll	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, 2021

City of Sunnyvale OPEB Plan

Schedule of Plan Contributions for the Fiscal Years Ended June 30

Last 10 Years

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially Determined Contribution (ADC)	\$ 12,086,000	\$ 11,758,000	\$ 11,818,000	\$ 11,460,000	\$ 8,135,000
Contributions in Relation to the Actuarially Determined Contributions	(11,640,712)	(12,054,056)	(12,048,370)	(11,308,724)	(9,842,297)
Contribution Deficiency (Excess)	<u>\$ 445,288</u>	<u>\$ (296,056)</u>	<u>\$ (230,370)</u>	<u>\$ 151,276</u>	<u>\$ (1,707,297)</u>
Covered-Employee Payroll	\$ 118,376,979	\$ 114,830,357	\$ 110,932,793	\$ 104,981,096	\$ 99,643,412
Contributions as a Percentage of Covered-Employee Payroll	9.83%	10.50%	10.86%	10.77%	9.88%

Notes to Schedule

Valuation date for funding purposes:	6/30/18
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Discount Rate	6.0% (net of expenses)
Inflation	2.75%
Payroll Growth	3.0% including inflation
Medical Trend	7.5% annually decreasing to 4.0% for retirees not eligible for Medicare. 6.5% annually decreasing to 4.0% for retirees eligible for Medicare.
Mortality	Derived using CALPERS 1997-2015 Expected Study. Mortality Improvement Scale MP-2018.

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, 2021

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
Equipment			
Recreation Equipment	\$ 174,050	\$ 5,017	\$ 169,033
Public Safety Equipment	1,006,106	1,574,802	(568,696)
Information Processing Hardware	-	360	(360)
Total Equipment	<u>1,180,157</u>	<u>1,580,179</u>	<u>(400,022)</u>
Operating Programs			
City Attorney			
Comprehensive Legal Services	1,875,126	2,023,531	(148,405)
Total City Attorney	<u>1,875,126</u>	<u>2,023,531</u>	<u>(148,405)</u>
City Manager			
Office of the City Manager	5,505,884	5,040,032	465,852
Total City Manager	<u>5,505,884</u>	<u>5,040,032</u>	<u>465,852</u>
Community Development			
Planning	843,307	742,219	101,088
Community Development Department Management	838,460	910,983	(72,523)
Total Community Development	<u>1,681,767</u>	<u>1,653,202</u>	<u>28,565</u>
Environmental Services			
Regulatory Programs	1,244,789	1,249,695	(4,906)
Environmental Sustainability	674,458	516,148	158,310
Stormwater Collections	498,429	452,168	46,261
Total Environmental Services	<u>2,417,676</u>	<u>2,218,011</u>	<u>199,665</u>
Finance			
Budget Management	1,240,141	875,015	365,126
Purchasing	2,117,297	1,987,010	130,287
Financial Management and Analysis	1,468,443	1,376,074	92,369
Accounting and Financial Services	2,004,006	1,913,964	90,042
Utility Billing	3,642,948	3,473,493	169,455
Audit	43,125	-	43,125
Non-Utility Revenue Management and Special Projects	782,252	786,011	(3,759)
Citywide Program	-	280	(280)
Citywide Program	-	9,131	(9,131)
Total Finance	<u>11,298,211</u>	<u>10,420,978</u>	<u>877,233</u>
Human Resources			
Human Resources	5,136,261	4,453,762	682,499
Total Human Resources	<u>5,136,261</u>	<u>4,453,762</u>	<u>682,499</u>
Library and Recreation Services			
Library	9,842,952	10,137,442	(294,490)
Recreation Services	8,465,229	7,264,183	1,201,046
Total Library and Community Services	<u>18,308,181</u>	<u>17,401,625</u>	<u>906,556</u>

Continued

CITY OF SUNNYVALE

General Fund Appropriations

Budgetary Comparisons

June 30, 2021

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
Equipment			
Public Safety			
Fire Services	\$ 36,657,202	\$ 38,055,037	\$ (1,397,836)
Community Safety Services	3,713,650	3,203,228	510,422
Personnel and Training	2,999,759	2,670,748	329,011
Investigation Services	5,652,030	5,723,083	(71,053)
Communication Services	4,935,802	4,557,668	378,134
Public Safety Administrative Services	6,627,233	6,697,582	(70,349)
Records Management and Property Services	2,555,346	2,338,865	216,481
Fire Prevention and Hazardous Material Services	2,615,468	2,412,404	203,064
Police Services	36,307,683	35,705,823	601,860
Total Public Safety	<u>102,064,173</u>	<u>101,364,438</u>	<u>97,875</u>
Public Works			
Transportation and Traffic Services	3,114,108	2,924,919	189,189
Pavement and Concrete Maintenance	4,958,657	3,445,407	1,513,250
Street Lights, Signs and Debris	2,605,321	2,034,190	571,131
Urban Forestry	1,713,862	1,700,066	13,796
Neighborhood Parks and Open Space Management	11,845,458	11,934,505	(89,047)
Public Works Administration and Property Management	820,549	1,264,829	(444,280)
Total Public Works	<u>25,057,955</u>	<u>23,303,916</u>	<u>1,754,039</u>
Total Operating Programs	<u>173,345,234</u>	<u>167,879,495</u>	<u>5,465,739</u>
Transfers Out			
Youth and Neighborhood Services Fund	500,688	823,244	(322,556)
General Fund Assets Fund	109,265	50,983	58,282
General Fund Assets	6,126,501	209,312	5,917,189
Wastewater Infrastructure Fund	11,783	2,495	9,288
Solid Waste Infrastructure Fund	12,663	594	12,069
Golf and Tennis Operations	1,715,000	1,715,000	-
Fleet Services	109,265	-	109,265
Project Management Services	508,917	233,372	275,545
Pension Trust	1,623,810	1,623,810	-
Insurance and Other Benefits	-	210,900	(210,900)
Property and Liability Insurance Fund	2,163,566	2,163,566	-
Total Transfers Out	<u>12,881,458</u>	<u>7,033,276</u>	<u>5,848,182</u>
Parking COP Lease Payments			
Financial Services	1,249,335	60,000	1,189,335
Lease Expenditure - Principal	-	1,095,000	(1,095,000)
Lease Expenditure - Interest	-	87,375	(87,375)
Total Lease Payments	<u>1,249,335</u>	<u>1,242,375</u>	<u>6,960</u>
Non-Departmental Expenditures			
RDA Lease Expenditure	1,203,163	1,951,956	(748,793)
Total Non-Departmental Expenditures	<u>1,203,163</u>	<u>1,951,956</u>	<u>(748,793)</u>

Continued

CITY OF SUNNYVALE

General Fund Appropriations

Budgetary Comparisons

June 30, 2021

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
Equipment			
Projects			
<i>Infrastructure Projects</i>			
Corporation Yard Buildings - Rehabilitation	\$ 419	\$ 1,692	\$ (1,273)
Computer/Radio Controlled Landscape Median Irrigation	2,194,311	18,936	2,175,375
Storm Pump Station Number 1 Rehabilitation	-	18,651	(18,651)
Storm Pump Station Number 2 Rehabilitation	13,740	9,236	4,504
Pavement Rehabilitation	4,479,655	-	4,479,655
Replacement/Repair/Rehabilitation of Storm Drain	1,334,280	39,003	1,295,277
Sidewalk, Curb and Gutter Replacement	1,483,713	(15,769)	1,499,483
Civic Center Modernization	13,708,939	14,123	13,694,816
Pavement Standards	50,000	2,991	47,009
Public Safety Emergency Generator Replacement	2,620,329	108,961	2,511,368
Traffic Signal Maintenance Services Augmentation	327,794	75,168	252,626
Contribution to Our City Forest	15,000	-	15,000
<i>Outside Group Funding Projects</i>			
Leadership Sunnyvale [GF]	6,000	6,000	-
Outside Group Funding Support [GF]	135,000	104,118	30,882
Dispute Resolution Services	45,000	45,000	-
Iizuka Sister City Engagement Funding	12,500	-	12,500
<i>Capital Projects</i>			
Utility Undergrounding Cost Sharing	405,355	-	405,355
Underground Overhead Utilities	684,462	5	684,457
Town Center Traffic Signal Modifications	394,398	394,997	(599)
Storm System Trash Control Devices - General Fund	-	-	-
RDA Counsel Fees	21,402	16,544	4,858
Green Stormwater Infrastructure Implementation - General Fund	310,725	67,856	242,869
Intersection of Mathilda Avenue and Indio Way	67,873	5,027	62,846
Grade Separation Caltrain Crossings Study Issue	392,447	5,239	387,208
Installation of Charging Stations for Electric Vehicles	20,833	20,833	-
Library Plumbing Study	32,990	9,800	23,190
Library Restroom Renovation	1,748,239	-	1,748,239
Fire Station Master Plan	668,474	1,410	667,064
Active Transportation Plan	307,842	19,200	288,642
Traffic Signal Specifications and Standard Details	70,000	19,585	50,415
Java Drive Road Diet and Bike Lanes	-	-	-
Peery Park Area Transportation Improvements	713,912	830	713,082
Sunnyvale Traffic Signal Upgrades	184,210	73,190	111,020
Downtown Pedestrian Traffic Signal Systems	250,000	92,187	157,813
344 Charles Street Renovation	39,187	31	39,156
Traffic Sign Installation and Maintenance	70,184	15,810	54,374
Electronic Plan Review Software and Hardware	15,640	15,640	-
Improve Bicycle and Pedestrian Access at Sunnyvale Caltrain Station	350,000	-	350,000
Bike Rack Installation Program In Commercial Areas	20,000	2,884	17,116
<i>Miscellaneous</i>			
Disaster/Emergency Proclamations	-	594	(594)

Continued

CITY OF SUNNYVALE

General Fund Appropriations

Budgetary Comparisons

June 30, 2021

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
Equipment			
<i>Special Projects</i>			
City-wide Aerial Photos	\$ 18,850	\$ 19,354	\$ (504)
Maintenance of City Owned Properties - Downtown	18,000	10,803	7,197
Bicycle Map Revision	4,667	-	4,667
239 - 241 Commercial Street Property Maintenance	10,712	9	10,703
General Plan Updates	237,867	55,618	182,249
SCVURPPP Contracting and Fiscal Agent - General Fund	50,000	36,685	13,315
FY 17-18 Recruitment and Training for Sworn Officers	-	150	(150)
FY 18-19 Recruitment and Training for Sworn Officers	2,209,729	2,365,780	(156,051)
FY 19-19 Recruitment and Training for Sworn Officers	2,381,292	-	2,381,292
Town Center Construction - Public Works Services	10,507	10,503	4
Emergency Medical Dispatch First Responder Incentive Funding	477,499	219,069	258,430
Downtown Association	40,000	39,993	7
Council Set Aside	17,500	-	17,500
EMS Patient Care Data System	72,339	41,096	31,243
Comprehensive Update of the Precise Plan for El Camino Real	183,886	25,467	158,419
Climate Action Plan Implementation	1,014,566	59,064	955,502
Minimum Wage Enforcement Agreement	15,000	15,000	-
Recreation Fee Waiver	51,281	66,435	(15,154)
Storm System Trash Reduction Programs - General Fund	70,473	70,473	-
Channel 26 Public Access Programming	7,500	7,500	-
Arts Master Plan	15,350	15,318	32
Annual State of the City	19,706	14,016	5,690
Engineering Services for Transportation Related Projects/Priorities	903,295	393,660	509,635
Fire Prevention (Non-HazMat) Technology Project	33,962	6,150	27,812
Fire Prevention (HazMat) Technology Project	24,741	6,150	18,591
Office of Emergency Services	129,893	13,939	115,954
Sustainability Speaker Series	28,315	6,014	22,301
Silicon Valley Healthy Aging Partnership	72,482	39,149	33,333
AMD Grant Funds to Columbia Neighborhood Center	5,300	5,297	3
Economic Development Strategy	26,961	10,272	16,689
Sunnyvale Elections	202,577	12,259	190,318
2017 Housing Strategy	11,366	13,565	(2,199)
Lawrence Station Area Plan - Housing and Sense of Place	244,831	88,154	156,677
Analysis of Sunnyvale Golf Program Subsidy	29,485	13,600	15,885
FY 2019/20 Recruitment and Training for Sworn Officers	7,622,742	4,614,415	3,008,327
FY 2020/21 Recruitment and Training for Sworn Officers	5,253,130	1,259,738	3,993,392
FY 2018/19 Tobacco Study Issue - Flavored Products	22,596	16,099	6,497
Digital Literacy	250,089	20,521	229,568
Census 2020 Complete Count Efforts	156	156	-
Legislative Advocacy Efforts	70,000	-	70,000
Airplane Noise Monitoring System	188,212	174,676	13,536
Electronic Records Management System	100,000	49,125	50,875
Organizational Development	60,000	6,194	53,806
Library Security Cameras	-	44,476	(44,476)
GIS Onetime Support	230,221	46,305	183,916
Utility Billing Reporting Tool	280	120	160
Utility Billing System RFP	50,000	-	50,000
Responsible Construction Ordinance Study	17,084	8,885	8,199
Ascertain Suitable Location(s) for the Installation of Youth Cricket Batting Cag	25,000	10,747	14,253
Library Services to Immigrant Populations	-	221	(221)
FY 2018/19 CERT/LISTOS Grant Project	27,111	21,125	5,986
FY19/20 OTS STEP Grant PT20126	59,967	-	59,967

Continued

CITY OF SUNNYVALE**General Fund Appropriations****Budgetary Comparisons****June 30, 2021**

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
Equipment			
FY19/20 OTS Bike/Ped Grant PS20021	41,479	2,880	38,599
GSI Plan Implementation	100,000	57,123	42,877
Bi-Annual Election Services	773,059	274,355	498,704
Electronic ADA Compliance	25,000	-	25,000
Bi-Annual National Citizen Survey	16,000	16,000	-
Council Technology Expense	-	-	-
DPS Fire Services Reimbursable Mutual Aid (Out of County)	\$ -	\$ 509,518	\$ (509,518)
Sunnyvale COVID 19 Non-Profit Assistance Program	150,000	150,000	-
Cricketer Stadium at Baylands Park	200,000	-	200,000
Tasman Drive Temporary Lane Closure	30,000	27,986	2,014
DPS COVID19 Health Screening Devices & PPE	37,584	37,584	-
FY20/21 DPS Crime Reporting and IA/Use of Force Tracking Software	121,361	1,000	120,361
FY 2020/21 DPS Traffic Records Improvement	25,000	-	25,000
FY 2020/21 SHSGP Training Grant	45,583	-	45,583
FY20/21 DPS OTS Bike/Ped Safety Grant	35,000	1,071	33,929
FY20/21 DPS OTS Selective Traffic Enforcement Program (STEP) Grant	88,500	53,531	34,969
Housing Strategy Implementation - Mobile Home Park MOU	91,380	48,725	42,655
Fair Oaks Park Unhoused Individuals Relocation and Temporary Housing	544,500	383,579	160,921
Countywide Isolation and Quarantine Support Program	134,435	-	134,435
Creation of Objective Citywide and Specific Area Plan/Citywide Landscape De:	310,000	-	310,000
Sunnyvale Community Services Tenant Improvements	1,500,000	-	1,500,000
Total Projects	60,080,255	12,706,469	47,373,786
Total Appropriations	\$ 249,939,602	\$ 192,393,750	\$ 57,545,852

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 ***Government Center Certificates of Participation Fund*** is used to accumulate resources for the repayment of the 2009 Refunding Certificates of Participation that financed a portion of the acquisition cost of an improved parcel of property for a future government center.

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, 2021**

	Special Revenue			
	Community Development Block Grant	HOME Grant	Low and Moderate Income Housing Asset	Asset Forfeiture
Assets:				
Deposits and Investments Held by City	\$ 188,476	\$ 943,069	\$ 4,030,526	\$ 76,035
Receivables	67,520	621,419	19,075	133
Intergovernmental Receivables	649,042	-	-	-
Housing Deficits Receivable	-	-	3,589,301	-
Housing Loans Receivable	12,685,785	12,269,100	-	-
Total Assets	\$ 13,590,823	\$ 13,833,588	\$ 7,638,902	\$ 76,168
Liabilities:				
Accounts Payable and Accrued Liabilities	619,814	46,006	251	112
Due to Other Funds	143,724	-	-	-
Unearned Revenue	-	-	-	-
Total Liabilities	763,538	46,006	251	112
Deferred Inflows of Resources	3,586,137	2,914,693	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	9,241,148	10,872,889	7,638,651	76,056
Unassigned	-	-	-	-
Total Fund Balances	9,241,148	10,872,889	7,638,651	76,056
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,590,823	\$ 13,833,588	\$ 7,638,902	\$ 76,168

Continued

Special Revenue

Police Services Augmentation	Parking District	Gas Tax	Road Maintenance and Rehabilitation Account	Transportation Development Act
\$ 269,838	\$ 841,069	\$ 7,000,745	\$ 5,577,958	\$ 8,000
853	2,849	26,037	17,456	-
145,699	112	-	528,707	-
-	-	-	-	-
-	-	-	-	-
<u>\$ 416,390</u>	<u>\$ 844,030</u>	<u>\$ 7,026,782</u>	<u>\$ 6,124,121</u>	<u>\$ 8,000</u>
999	1,262	10,913	1,697,289	-
-	-	-	-	-
-	-	-	-	8,000
<u>999</u>	<u>1,262</u>	<u>10,913</u>	<u>1,697,289</u>	<u>8,000</u>
<u>145,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-
269,692	842,768	7,015,869	4,426,832	-
-	-	-	-	-
<u>269,692</u>	<u>842,768</u>	<u>7,015,869</u>	<u>4,426,832</u>	<u>-</u>
<u>\$ 416,390</u>	<u>\$ 844,030</u>	<u>\$ 7,026,782</u>	<u>\$ 6,124,121</u>	<u>\$ 8,000</u>

Continued

CITY OF SUNNYVALE**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021**

	Special Revenue		
	VRF Local Road Improvement Program	2016 Measure B Santa Clara VTA	Employment Development
Assets:			
Deposits and Investments Held by City	\$ 2,381,653	\$ -	\$ -
Receivables	5,208		1,204
Intergovernmental Receivables	-	190,054	960,094
Housing Deficits Receivable	-	-	-
Housing Loans Receivable	-	-	-
Total Assets	\$ 2,386,861	\$ 190,054	\$ 961,298
Liabilities:			
Accounts Payable and Accrued Liabilities	7,009	624,877	463,197
Due to Other Funds	-	314,836	370,603
Unearned Revenue	-	-	-
Total Liabilities	7,009	939,713	833,800
Deferred Inflows of Resources	-	-	-
Fund Balances:			
Nonspendable	-	-	-
Restricted	2,379,852	-	127,498
Unassigned	-	(749,659)	-
Total Fund Balances	2,379,852	(749,659)	127,498
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,386,861	\$ 190,054	\$ 961,298

Continued

Permanent		Debt Sevice		Total Nonmajor Governmental Funds
Swirsky Youth Opportunity	Fremont Pool	Government Center Certificates of Participation	Civic Center Lease Revenue Bonds	
\$ 549,904	\$ 1,069,465	\$ 19,280	\$ -	\$ 22,956,018
2,112	4,108	-	-	767,974
-	-	-	-	2,473,708
-	-	-	-	3,589,301
-	-	-	-	24,954,885
<u>\$ 552,016</u>	<u>\$ 1,073,573</u>	<u>\$ 19,280</u>	<u>\$ -</u>	<u>\$ 54,741,886</u>
-	-	19,280	-	3,491,009
-	-	-	-	829,163
-	-	-	-	8,000
-	-	19,280	-	4,328,172
-	-	-	-	6,646,529
552,016	1,073,573	-	-	1,625,589
-	-	-	-	42,891,255
-	-	-	-	(749,659)
<u>552,016</u>	<u>1,073,573</u>	<u>-</u>	<u>-</u>	<u>43,767,185</u>
<u>\$ 552,016</u>	<u>\$ 1,073,573</u>	<u>\$ 19,280</u>	<u>\$ -</u>	<u>\$ 54,741,886</u>

Concluded

CITY OF SUNNYVALE

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2021**

	Special Revenue			
	Community Development Block Grant	HOME Grant	Low and Moderate Income Housing Asset	Asset Forfeiture
Revenues:				
Intergovernmental Revenues	\$ 1,899,154	\$ -	\$ -	\$ -
Service Fees	-	-	1,190	-
Investment Earnings	-	19,590	21,444	(163)
Other Revenues	65,137	335,358	-	-
Total Revenues	1,964,291	354,948	22,634	(163)
Expenditures:				
Current:				
Public Safety	-	-	-	1,620
Community Development	1,675,395	630,764	29,038	-
Public Works	-	-	-	-
NOVA Workforce Services	-	-	-	-
Capital Outlay	503,599	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	2,178,994	630,764	29,038	1,620
Excess of Revenues Over (Under) Expenditures	(214,703)	(275,816)	(6,404)	(1,783)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	(1,000,000)	-
Total Other Financing Sources (Uses)	-	-	(1,000,000)	-
Net Change in Fund Balances	(214,703)	(275,816)	(1,006,404)	(1,783)
Fund Balances, Beginning of Year	9,455,851	11,148,705	8,645,055	77,839
Fund Balances - End of Year	\$ 9,241,148	\$ 10,872,889	\$ 7,638,651	\$ 76,056

Continued

Special Revenue

Police Services Augmentation	Parking District	Gas Tax	Road Maintenance and Rehabilitation Account	Transportation Development Act
\$ 371,483	\$ -	\$ 3,400,604	\$ 2,901,337	\$ -
-	186,572	-	-	-
(324)	(90)	(320,957)	87,837	-
-	-	-	-	-
<u>371,159</u>	<u>186,482</u>	<u>3,079,647</u>	<u>2,989,174</u>	<u>-</u>
214,677	-	-	-	-
-	-	-	-	-
-	89,865	1,428,856	-	-
-	-	-	-	-
-	9	207,228	1,978,363	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>214,677</u>	<u>89,874</u>	<u>1,636,084</u>	<u>1,978,363</u>	<u>-</u>
<u>156,482</u>	<u>96,608</u>	<u>1,443,563</u>	<u>1,010,811</u>	<u>-</u>
-	-	-	-	-
-	-	(784,164)	(55,680)	-
-	-	(784,164)	(55,680)	-
156,482	96,608	659,399	955,131	-
113,210	746,160	6,356,470	3,471,701	-
<u>\$ 269,692</u>	<u>\$ 842,768</u>	<u>\$ 7,015,869</u>	<u>\$ 4,426,832</u>	<u>\$ -</u>

Continued

CITY OF SUNNYVALE

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2021**

	Special Revenue		
	VRF Local Road Improvement Program	2016 Measure B Santa Clara VTA	Employment Development
Revenues:			
Intergovernmental Revenues	\$ 1,004,218	\$ 2,323,363	9,210,786
Service Fees	-	-	-
Investment Earnings	26,434	-	-
Other Revenues	-	-	3,768
Total Revenues	1,030,652	2,323,363	9,214,554
Expenditures:			
Current:			
Public Safety	-	-	-
Community Development	-	-	-
Public Works	-	1,085	-
NOVA Workforce Services	-	-	9,130,094
Capital Outlay	10,164	3,071,937	-
Debt Service:			
Principal Retirement	-	-	-
Interest	-	-	-
Fiscal Charges	-	-	-
Total Expenditures	10,164	3,073,022	9,130,094
Excess of Revenues Over (Under) Expenditures	1,020,488	(749,659)	84,460
Other Financing Sources (Uses):			
Transfers In	-	-	-
Transfers Out	-	-	(103,951)
Total Other Financing Sources (Uses)	-	-	(103,951)
Net Change in Fund Balances	1,020,488	(749,659)	(19,491)
Fund Balances, Beginning of Year	1,359,364	-	146,989
Fund Balances - End of Year	\$ 2,379,852	\$ (749,659)	\$ 127,498

Continued

Permanent		Debt Service		Total Nonmajor Governmental Funds
Swirsky Youth Opportunity	Fremont Pool	Government Center Certificates of Participation	Civic Center Lease Revenue Bonds	
\$ -	\$ -	\$ -	\$ -	\$ 21,110,945
-	-	-	-	187,762
10,620	20,653	(542)	-	(135,498)
-	-	-	-	404,263
<u>10,620</u>	<u>20,653</u>	<u>(542)</u>	<u>-</u>	<u>21,567,472</u>
-	-	-	-	216,297
-	-	-	-	2,335,197
-	-	-	-	1,519,806
-	-	-	-	9,130,094
-	-	-	-	5,771,300
-	-	9,650,000	-	9,650,000
-	-	4,767	1,951,956	1,956,723
-	-	39,311	-	39,311
-	-	<u>9,694,078</u>	<u>1,951,956</u>	<u>30,618,728</u>
<u>10,620</u>	<u>20,653</u>	<u>(9,694,620)</u>	<u>(1,951,956)</u>	<u>(9,051,256)</u>
-	-	9,787,473	1,951,956	11,739,429
<u>(10,620)</u>	<u>(20,653)</u>	<u>(1,190,247)</u>	<u>-</u>	<u>(3,165,315)</u>
<u>(10,620)</u>	<u>(20,653)</u>	<u>8,597,226</u>	<u>1,951,956</u>	<u>8,574,114</u>
-	-	(1,097,394)	-	(477,142)
<u>552,016</u>	<u>1,073,573</u>	<u>1,097,394</u>	<u>-</u>	<u>44,244,327</u>
<u>\$ 552,016</u>	<u>\$ 1,073,573</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 43,767,185</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, 2021**

	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	\$ 3,687,399	\$ 1,899,154	\$ (1,788,245)	\$ 1,464,340	\$ -	\$ (1,464,340)
Service Fees	-	-	-	-	-	-
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	-	-	-	12,518	19,590	7,072
Other Revenues	110,000	65,137	(44,863)	402,255	335,358	(66,897)
Total Revenues	3,797,399	1,964,291	(1,833,108)	1,879,113	354,948	(1,524,165)
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	384,063	135,683	248,380	95,446	36,463	58,983
Public Works	-	-	-	-	-	-
Library and Recreation Services	-	-	-	-	-	-
NOVA Workforce Services	-	-	-	-	-	-
Capital Outlay and Special Projects	3,722,704	2,043,311	1,679,393	1,512,642	594,301	918,341
Total Expenditures	4,106,767	2,178,994	1,927,773	1,608,088	630,764	977,324
Excess of Revenues Over (Under) Expenditures	(309,368)	(214,703)	94,665	271,025	(275,816)	(546,841)
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	(25,342)	-	25,342	-	-	-
Total Other Financing Sources (Uses)	(25,342)	-	25,342	-	-	-
Net Change in Fund Balances	\$ (334,710)	(214,703)	\$ 120,007	\$ 271,025	(275,816)	\$ (546,841)
Fund Balances - Beginning of Year		9,455,851			11,148,705	
Fund Balances - End of Year		\$ 9,241,148	*		\$ 10,872,889	*

Continued

* Loan principal repayments and disbursements which impact budgetary resources are Balance Sheet items on a GAAP basis.

Low and Moderate Income								
Housing Asset			Asset Forfeiture			Police Services Augmentation		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 371,483	\$ 371,483	-
-	1,190	1,190	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
67,637	21,444	(46,193)	451	(163)	(614)	3,433	(324)	(3,757)
2,919,938		(2,919,938)	-		-	-	-	-
<u>2,987,575</u>	<u>22,634</u>	<u>(2,964,941)</u>	<u>451</u>	<u>(163)</u>	<u>(614)</u>	<u>374,916</u>	<u>371,159</u>	<u>(3,757)</u>
-	-	-	2,050	1,620	430	324,389	214,677	109,712
50,635	29,038	(230,134)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	33,339	-	33,339	-	-	-
<u>50,635</u>	<u>29,038</u>	<u>(230,134)</u>	<u>35,389</u>	<u>1,620</u>	<u>33,769</u>	<u>324,389</u>	<u>214,677</u>	<u>109,712</u>
<u>2,936,940</u>	<u>(6,404)</u>	<u>(2,734,807)</u>	<u>(34,938)</u>	<u>(1,783)</u>	<u>33,155</u>	<u>50,527</u>	<u>156,482</u>	<u>105,955</u>
(1,003,145)	(1,000,000)	3,145	-	-	-	(7,743)	-	7,743
<u>(1,003,145)</u>	<u>(1,000,000)</u>	<u>3,145</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(7,743)</u>	<u>-</u>	<u>7,743</u>
<u>\$ 1,933,795</u>	<u>(1,006,404)</u>	<u>\$ (2,731,662)</u>	<u>\$ (34,938)</u>	<u>(1,783)</u>	<u>\$ 33,155</u>	<u>\$ 42,784</u>	<u>156,482</u>	<u>\$ 113,698</u>
	<u>8,645,055</u>			<u>77,839</u>			<u>113,210</u>	
	<u>\$ 7,638,651</u>			<u>\$ 76,056</u>			<u>\$ 269,692</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, 2021**

	Parking District			Gas Tax		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
Revenues:						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 3,639,567	\$ 3,400,604	\$ (238,963)
Service Fees	180,493	186,572	6,079	-	-	-
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	16,805	(90)	(16,895)	117,412	(320,957)	(438,369)
Other Revenues	-	-	-	-	-	-
Total Revenues	197,298	186,482	(10,816)	3,756,979	3,079,647	(677,332)
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Community Development						
Public Works	163,532	89,865	73,667	1,500,000	1,428,856	71,144
Library and Recreation Services	-	-	-	-	-	-
NOVA Workforce Services						
Capital Outlay and Special Projects	6,318	9	6,309	5,143,551	207,228	4,936,323
Total Expenditures	169,850	89,874	79,976	6,643,551	1,636,084	5,007,467
Excess of Revenues Over (Under) Expenditures	27,448	96,608	69,160	(2,886,572)	1,443,563	4,330,135
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	(18,038)	-	18,038	(1,420,395)	(784,164)	636,231
Total Other Financing Sources (Uses)	(18,038)	-	18,038	(1,420,395)	(784,164)	636,231
Net Change in Fund Balances	\$ 9,410	96,608	\$ 87,198	\$ (4,306,967)	659,399	\$ 4,966,366
Fund Balances - Beginning of Year		746,160			6,356,470	
Fund Balances - End of Year		\$ 842,768			\$ 7,015,869	

Continued

Road Maintenance and Rehabilitation			Transporation 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)
\$ 2,776,246	\$ 2,901,337	\$ 125,091	\$ 425,158	\$ -	\$ (425,158)	\$ 1,042,454	\$ 1,004,218	\$ (38,236)
-	-	-	-	-	-	-	-	-
-	87,837	87,837	-	-	-	-	26,434	26,434
-	-	-	-	-	-	-	-	-
<u>2,776,246</u>	<u>2,989,174</u>	<u>212,928</u>	<u>425,158</u>	<u>-</u>	<u>(425,158)</u>	<u>1,042,454</u>	<u>1,030,652</u>	<u>(11,802)</u>
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
<u>4,929,642</u>	<u>1,978,363</u>	<u>2,951,279</u>	<u>252,446</u>	<u>-</u>	<u>252,446</u>	<u>2,588,809</u>	<u>10,164</u>	<u>2,578,645</u>
<u>4,929,642</u>	<u>1,978,363</u>	<u>2,951,279</u>	<u>252,446</u>	<u>-</u>	<u>252,446</u>	<u>2,588,809</u>	<u>10,164</u>	<u>2,578,645</u>
<u>(2,153,396)</u>	<u>1,010,811</u>	<u>3,164,207</u>	<u>172,712</u>	<u>-</u>	<u>(172,712)</u>	<u>(1,546,355)</u>	<u>1,020,488</u>	<u>2,566,843</u>
-	-	-	-	-	-	-	-	-
<u>(2,866,025)</u>	<u>(55,680)</u>	<u>2,810,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,401,819)</u>	<u>-</u>	<u>2,401,819</u>
<u>(2,866,025)</u>	<u>(55,680)</u>	<u>2,810,345</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,401,819)</u>	<u>-</u>	<u>2,401,819</u>
<u>\$ (5,019,421)</u>	955,131	<u>\$ 5,974,552</u>	<u>\$ 172,712</u>	-	<u>\$ (172,712)</u>	<u>\$ (3,948,174)</u>	1,020,488	<u>\$ 4,968,662</u>
	<u>3,471,701</u>			-			<u>1,359,364</u>	
	<u>\$ 4,426,832</u>			<u>\$ -</u>			<u>\$ 2,379,852</u>	

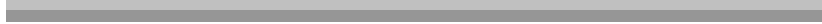
Continued

CITY OF SUNNYVALE

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
Year Ended June 30, 2021**

	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	\$ 6,206,254	\$ 2,323,363	\$(3,882,891)	\$ 10,500,000	\$ 9,210,786	\$(1,289,214)
Service Fees	-	-	-	-	-	-
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-
Other Revenues	-	-	-	-	3,768	3,768
Total Revenues	6,206,254	2,323,363	(3,882,891)	10,500,000	9,214,554	(1,285,446)
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Library and Recreation Services	-	-	-	-	-	-
NOVA Workforce Services	-	-	-	11,273,896	4,597,390	6,676,506
Capital Outlay and Special Projects	6,607,716	3,073,022	3,534,694	515,000	4,532,704	(4,017,704)
Total Expenditures	6,607,716	3,073,022	3,534,694	11,788,896	9,130,094	2,658,802
Excess of Revenues Over (Under) Expenditures	(401,462)	(749,659)	(348,197)	(1,288,896)	84,460	1,373,356
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	(164,935)	-	164,935	(489,039)	(103,951)	385,088
Total Other Financing Sources (Uses)	(164,935)	-	164,935	(489,039)	(103,951)	385,088
Net Change in Fund Balances	\$ (566,397)	(749,659)	\$ (183,262)	\$ (1,777,935)	(19,491)	\$ 1,758,444
Fund Balances - Beginning of Year		-			146,989	
Fund Balances - End of Year		\$ (749,659)			\$ 127,498	

Continued



Youth And Neighborhood Services Fund**

Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
\$ 174,072	\$ 183,092	\$ 9,020
3,351	11,494	8,143
3,368	200	(3,168)
11,480	9,758	(1,722)
48	27,119	27,071
<u>192,319</u>	<u>231,663</u>	<u>39,344</u>
-	-	-
-	-	-
750,560	751,851	(1,291)
25,000	24,699	301
<u>775,560</u>	<u>776,550</u>	<u>(990)</u>
<u>(583,241)</u>	<u>(544,887)</u>	<u>38,354</u>
647,673	-	(647,673)
-	-	-
<u>647,673</u>	<u>-</u>	<u>(647,673)</u>
<u>\$ 64,432</u>	<u>(544,887)</u>	<u>\$ (609,319)</u>
	445,788	
	<u>\$ (99,099)</u>	

** 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, 2021**

	Government Center Certificates of Participation			Civic Center Lease Revenue Bonds		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
Revenues:						
Investment Earnings	\$ -	\$ (542)	\$ (542)	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>(542)</u>	<u>(542)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:						
Debt Service						
Principal Retirement	1,015,318	9,650,000	(8,634,682)	-	-	-
Interest	-	4,767	(4,767)	-	1,951,956	(1,951,956)
Fiscal Charges	-	39,311	(39,311)	-	-	-
Total Expenditures	<u>1,015,318</u>	<u>9,694,078</u>	<u>(8,678,760)</u>	<u>-</u>	<u>1,951,956</u>	<u>(1,951,956)</u>
Excess of Revenues Over (Under) Expenditures	(1,015,318)	(9,694,620)	8,678,218	-	(1,951,956)	1,951,956
Other Financing Sources:						
Transfers in	-	-	-	-	1,951,956	(1,951,956)
Transfers in - Water Supply and Distribution	-	724,273	(724,273)	-	-	-
Transfers in - Wastewater Management	-	497,204	(497,204)	-	-	-
Transfers in - Solid Waste Management	-	736,018	(736,018)	-	-	-
Transfers in - Internal Service General Services	-	7,829,978	-	-	-	-
Transfers Out	-	(1,190,247)	1,190,247	-	-	-
Total Other Financing Sources (Uses)	<u>(1,015,318)</u>	<u>8,597,226</u>	<u>(767,248)</u>	<u>-</u>	<u>1,951,956</u>	<u>-</u>
Net Change in Fund Balances	<u>\$ (1,015,318)</u>	<u>(1,097,394)</u>	<u>\$ 7,910,970</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 1,951,956</u>
Fund Balances - Beginning of Year		<u>1,097,394</u>			<u>-</u>	
Fund Balances - End of Year		<u>\$ -</u>			<u>\$ -</u>	

CITY OF SUNNYVALE**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Permanent Funds
Year Ended June 30, 2021**

	<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	\$ 12,420	\$ 10,619	\$ (1,801)	\$ 24,155	\$ 20,652	\$ (3,503)
Other Financing Sources (Uses):						
Transfers Out	(12,420)	(10,619)	1,801	(24,155)	(20,652)	3,503
Total Other Financing Sources (Uses)	<u>(12,420)</u>	<u>(10,619)</u>	<u>1,801</u>	<u>(24,155)</u>	<u>(20,652)</u>	<u>3,503</u>
Change in Fund Balances	-	-	-	-	-	3,503
Net Change in Fund Balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ 3,503</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>\$ 1,073,573</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, 2021

	General Services	Employee Payroll & Benefits	Property and Liability Insurance	Totals
Assets:				
Current Assets:				
Deposits and Investments Held by City	\$ 22,567,677	\$ 39,775,695	\$ 1,661,264	\$ 64,004,636
Receivables	168,150	828,854	8,194	1,005,198
Inventories and Prepaid Items	598,169	218,244	-	816,413
Restricted Assets:				
Deposits and Investments Held by Fiscal Agent and Trustee	-	9,663,587	-	9,663,587
Total Current Assets	<u>23,333,996</u>	<u>50,486,380</u>	<u>1,669,458</u>	<u>75,489,834</u>
Capital Assets:				
Receivables from Employes (Note 6)	-	3,289,714	-	3,289,714
Land & Nondepreciable Assets	14,504,162	-	-	14,504,162
Depreciable Buildings, Property, Equipment and Infrastructure, Net	15,834,492	-	-	15,834,492
Total Assets	<u>53,672,650</u>	<u>53,776,094</u>	<u>1,669,458</u>	<u>109,118,202</u>
Deferred Outflows of Resources	<u>5,062,067</u>	<u>440,550</u>	<u>29,330</u>	<u>5,531,947</u>
Liabilities:				
Current Liabilities:				
Wages Payable	-	4,696,197	-	4,696,197
Accounts Payable and Accrued Liabilities	1,151,341	200,960	79,216	1,431,517
Refundable Deposits	10,168	-	-	10,168
Claims and Judgments Payable - Due Within One Year	-	4,425,914	537,000	4,962,914
Compensated Absences Payable - Due Within One Year	-	13,515,885	-	13,515,885
Total Current Liabilities	<u>1,161,509</u>	<u>22,838,956</u>	<u>616,216</u>	<u>24,616,681</u>
Noncurrent Liabilities:				
Claims and Judgments Payable- Due in More than One Year	-	14,440,086	2,830,000	17,270,086
Compensated Absences Payable - Due in More than One Year	-	7,500,333	-	7,500,333
Net Pension Liability	22,739,411	567,095	233,651	23,540,157
Net OPEB Liability	4,457,393	(11,909)	46,760	4,492,244
Total Noncurrent Liabilities	<u>27,196,804</u>	<u>22,495,605</u>	<u>3,110,411</u>	<u>52,802,820</u>
Total Liabilities	<u>28,358,313</u>	<u>45,334,561</u>	<u>3,726,627</u>	<u>77,419,501</u>
Deferred Inflows of Resources	<u>1,494,124</u>	<u>156,555</u>	<u>17,591</u>	<u>1,668,270</u>
Net Position				
Net Investment in Capital Assets	30,338,654	-	-	30,338,654
Unrestricted	(1,456,374)	8,725,528	(2,045,430)	5,223,724
Net Position	<u>\$ 28,882,280</u>	<u>\$ 8,725,528</u>	<u>\$ (2,045,430)</u>	<u>\$ 35,562,378</u>

Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
June 30, 2021

	General Services	Employee Payroll & Benefits	Property and Liability Insurance	Totals
Operating Revenues:				
Charges for Services	\$ 27,448,390	\$ 101,139,714	\$ 2,771,247	\$ 131,359,351
Operating Expenses:				
Personnel Services	13,885,901	22,214,152	75,690	36,175,743
Contractual Services	5,696,719	-	130,000	5,826,719
Material and Supplies	2,766,276	-	152	2,766,428
Utilities	2,228,344	-	-	2,228,344
Equipment and Building Rental	1,970,348	-	4,497	1,974,845
Insurance Premiums and Claims	-	27,934,034	2,721,988	30,656,022
Retirement Premiums	-	48,544,965	-	48,544,965
Other Operating Expenses	473,815	2,001	-	475,816
Depreciation	2,360,451	-	-	2,360,451
Total Operating Expenses	29,381,854	98,695,152	2,932,327	131,009,333
Operating Income (Loss)	(1,933,464)	2,444,562	(161,080)	350,018
Nonoperating Revenues:				
Investment Earnings	181,459	1,153,137	41,043	1,375,639
Income (Loss) before Transfers	(1,752,005)	3,597,699	(120,037)	1,725,657
Transfers In	5,305,705	4,257,500	-	9,563,205
Transfers Out	(10,444,730)	(10,211,754)	-	(20,656,484)
Change in Net Position	(6,891,030)	(2,356,555)	(120,037)	(9,367,622)
Net Position (Deficit) - Beginning of Year	35,773,310	11,082,083	(1,925,393)	44,930,000
Net Position (Deficit) - End of Year	\$ 28,882,280	\$ 8,725,528	\$ (2,045,430)	\$ 35,562,378

CITY OF SUNNYVALE**Combining Statement of Cash Flows
All Internal Service Funds
Year Ended June 30, 2021**

	<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	\$ 684,550	\$ 949,849	\$ -	\$ 1,634,399
Cash Received for Interfund Services Provided	26,903,778	97,919,462	2,771,578	127,594,818
Cash Payments to Suppliers of Goods and Services	(12,346,046)	(48,758,266)	(55,283)	(61,159,595)
Cash Payments for Employee Services	(13,808,592)	(20,095,639)	(73,297)	(33,977,528)
Insurance and Claims Paid	-	(28,752,034)	(2,223,988)	(30,976,022)
Net Cash Provided by (Used for) Operating Activities	<u>1,433,690</u>	<u>1,263,372</u>	<u>419,010</u>	<u>3,116,072</u>
Cash Flows from Noncapital Financing Activities:				
Transfers In	5,305,705	4,257,500	-	9,563,205
Transfers Out	(10,444,730)	(10,211,754)	-	(20,656,484)
Net Cash Provided by Noncapital Financing Activities	<u>(5,139,025)</u>	<u>(5,954,254)</u>	<u>-</u>	<u>(11,093,279)</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition and Construction of Capital Assets	(10,410,547)	-	-	(10,410,547)
Cash Flows from Investing Activities:				
Interest on Investments	181,459	1,153,137	41,043	1,375,639
Net Increase (Decrease) in Cash and Cash Equivalents	(13,934,423)	(3,537,745)	460,053	(17,012,115)
Cash and Cash Equivalents - Beginning of Year	<u>36,502,100</u>	<u>52,977,027</u>	<u>1,201,211</u>	<u>90,680,338</u>
Cash and Cash Equivalents - End of Year	<u>\$ 22,567,677</u>	<u>\$ 49,439,282</u>	<u>\$ 1,661,264</u>	<u>\$ 73,668,223</u>
Reconciliation to Statement of Net Position:				
Cash and Investments Held by City	\$ 22,567,677	\$ 39,775,695	\$ 1,661,264	\$ 64,004,636
Cash and Investments Held by Fiscal Agent and Trustee	-	9,663,587	-	9,663,587
Total Cash and Investments	<u>\$ 22,567,677</u>	<u>\$ 49,439,282</u>	<u>\$ 1,661,264</u>	<u>\$ 73,668,223</u>

Continued

CITY OF SUNNYVALE

**Combining Statement of Cash Flows
All Internal Service Funds
Year Ended June 30, 2021**

	<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)	\$ (1,933,464)	\$ 2,444,562	\$ (161,080)	\$ 350,018
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	2,360,451	-	-	2,360,451
Loss on Disposal of Capital Assets	270,468	-	-	270,468
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:				
Receivables	139,938	(2,270,403)	331	(2,130,134)
Intergovernmental Receivables	-	-	-	-
Inventories and Prepayments	288,012	(168)	150	287,994
Refundable Deposits	(2,296)	-	-	(2,296)
Accounts Payable and Accrued Liabilities	233,272	(211,132)	79,216	101,356
Wages Payable	-	(440,389)	-	(440,389)
Claims and Judgments Payable	-	(818,000)	498,000	(320,000)
Compensated Absences Payable	-	2,657,961	-	2,657,961
Deferred Outflows Related to Pensions and OPEB	(461,811)	(138,085)	(332)	(600,228)
Deferred Inflows Related to Pensions and OPEB	216,994	9,377	1,007	227,378
Net Pension Liability	983,112	65,209	4,582	1,052,903
Net OPEB Liability	(660,986)	(35,560)	(2,864)	(699,410)
Net Cash Provided (Used) by Operating Activities	<u>\$ 1,433,690</u>	<u>\$ 1,263,372</u>	<u>\$ 419,010</u>	<u>\$ 3,116,072</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, 2021**

	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	\$ 115,564	\$ 3,961,737	\$ 4,077,301
Deposits and Investments not in City Treasury Pool	-	537,987	537,987
Deposits and Investments Held by Fiscal Agent	-	658,294	658,294
Receivables	731	9,932,362	9,933,093
Capital Assets:			
Land and Nondepreciable Assets	-	13,959,752	13,959,752
Total Assets	<u>116,295</u>	<u>29,050,132</u>	<u>29,166,427</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	-	428	428
Accrued Interest Payable	-	21,469	21,469
Long-term Obligations :			
Due Within One Year	-	4,219,301	4,219,301
Due in More Than One Year	-	36,219,702	36,219,702
Total Liabilities	<u>-</u>	<u>40,460,900</u>	<u>40,460,900</u>
Net Position:			
Held in Trust for Private Purpose	<u>\$ 116,295</u>	<u>\$ (11,410,768)</u>	<u>\$ (11,294,473)</u>

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private-Purpose Trust Funds
Year Ended June 30, 2021**

	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	\$ 27,298	\$ -	\$ 27,298
Receipt from County Redevelopment Property Tax Trust Fund	-	4,097,528	4,097,528
Investment Earnings	1,917	13,962	15,879
Total Additions	<u>29,215</u>	<u>4,111,490</u>	<u>4,140,705</u>
Deductions:			
Projects Management	10,518	4,448	14,966
City Loan Interest Added to Loan Principal	-	763,477	763,477
Debt Services Payments	-	53,487	53,487
Fiscal Agent Trustee Fees	-	3,053	3,053
Administrative Expenses	-	78,557	78,557
Total Deductions	<u>10,518</u>	<u>903,022</u>	<u>913,540</u>
Change in Net Position	<u>18,697</u>	<u>3,208,468</u>	<u>3,227,165</u>
Net Position, Beginning of Year	<u>97,598</u>	<u>(14,619,236)</u>	<u>(14,521,638)</u>
Net Position, End of Year	<u>\$ 116,295</u>	<u>\$ (11,410,768)</u>	<u>\$ (11,294,473)</u>

**Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2021**

	CFD No. 1 (Community Facilities District No. 1)	SCVURPPP (Santa Clara Valley Urban Runoff Pollution Prevention Program)	NOVAworks Foundation	Total Custodial Funds
Assets:				
Deposits and Investments in City Treasury Pool	\$ 1,802,581	\$ -	\$ -	\$ 1,802,581
Deposits and Investments not in City Treasury Pool	-	1,888,521	250,546	2,139,067
Deposits and Investments Held by Fiscal Agent	2,120,261	-	-	2,120,261
Receivables	62,659	-	-	62,659
Total Assets	<u>3,985,501</u>	<u>1,888,521</u>	<u>250,546</u>	<u>6,124,568</u>
Liabilities:				
Accounts Payable and Accrued Liabilities	-	-	-	-
Accrued Interest Payable	-	-	-	-
Long-term Obligations :				
Due Within One Year	-	-	-	-
Due in More Than One Year	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:				
Held for other agencies	<u>\$ 3,985,501</u>	<u>\$ 1,888,521</u>	<u>\$ 250,546</u>	<u>\$ 6,124,568</u>

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
Year Ended June 30, 2021**

	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	\$ 1,631,382	\$ -	\$ -	\$ 1,631,382
Contributions from Participating Government Agencies	-	5,608,452	-	5,608,452
Contributions from Non-Government Agencies	-	-	55,600	55,600
Private Donations	-	-	15,891	15,891
Investment Earnings	106,736	-	-	106,736
Total Additions	<u>1,738,118</u>	<u>5,608,452</u>	<u>71,491</u>	<u>7,418,061</u>
Deductions:				
Debt Services Payments	1,700,884	-	-	1,700,884
Program Expenses	-	523,177	-	523,177
Agreements, Fees and Monitoring	-	4,916,252	-	4,916,252
Administrative Expenses	9,834	208,770	11,471	230,075
Total Deductions	<u>1,710,718</u>	<u>5,648,199</u>	<u>11,471</u>	<u>7,370,388</u>
Change in Net Position	<u>27,400</u>	<u>(39,747)</u>	<u>60,020</u>	<u>47,673</u>
Net Position:				
Beginning of Year, as Previously Reported	-	-	-	-
Change in Accounting Principles	3,958,101	1,928,268	190,526	6,076,895
Beginning of Year, as Restated	3,958,101	1,928,268	190,526	6,076,895
End of Year	<u>\$ 3,985,501</u>	<u>\$ 1,888,521</u>	<u>\$ 250,546</u>	<u>\$ 6,124,568</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.	203-209
<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.	210-214
<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.	215-218
<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.	219-221
<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.	222-223

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CITY OF SUNNYVALE

**Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(dollars in thousands)**

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012 ¹
Governmental Activities										
Net Investment in Capital Assets	\$ 578,405	\$ 528,996	\$ 478,865	\$ 471,295	\$ 459,015	\$ 453,364	\$ 435,271	\$ 426,044	\$ 420,326	\$ 402,857
Restricted	329,084	347,627	316,350	288,199	232,876	189,436	153,631	145,874	133,414	122,424
Unrestricted ²	(104,838)	(81,803)	(59,819)	(109,823)	(4,091)	(13,422)	(46,498)	204,836	195,897	205,327
Total Governmental Activities Net Position	\$ 802,651	\$ 794,820	\$ 735,396	\$ 649,671	\$ 687,800	\$ 629,378	\$ 542,404	\$ 776,754	\$ 749,637	\$ 730,608
Business-type activities										
Net Investment in Capital Assets	\$ 161,882	\$ 159,176	\$ 153,121	\$ 133,615	\$ 116,934	\$ 101,526	\$ 90,914	\$ 77,389	\$ 80,828	\$ 80,831
Restricted	5,271	5,271	5,271	5,271	5,271	-	-	-	-	-
Unrestricted ²	154,804	130,935	75,471	31,693	6,185	(2,906)	(16,659)	12,068	(3,449)	(12,005)
Total Business-Type Activities Net Position	\$ 321,957	\$ 295,382	\$ 233,863	\$ 170,579	\$ 128,390	\$ 98,620	\$ 74,255	\$ 89,457	\$ 77,379	\$ 68,826
Primary Government										
Net Investment in Capital Assets	\$ 740,287	\$ 688,172	\$ 631,986	\$ 604,910	\$ 575,949	\$ 554,890	\$ 526,185	\$ 503,433	\$ 501,154	\$ 483,688
Restricted	334,355	352,898	321,621	293,470	238,147	189,436	153,631	145,874	133,414	122,424
Unrestricted ²	49,966	49,132	15,652	(78,130)	2,094	(16,328)	(63,157)	216,904	192,448	193,323
Total Primary Government Net Position	\$ 1,124,608	\$ 1,090,202	\$ 969,259	\$ 820,250	\$ 816,190	\$ 727,998	\$ 616,659	\$ 866,211	\$ 827,016	\$ 799,435

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Expenses:										
Governmental Activities:										
Planning and Management	\$ 18,959	\$ 17,074	\$ 15,766	\$ 17,961	\$ 13,342	\$ 9,548	\$ 19,431	\$ 18,678	\$ 17,859	\$ 18,538
Public Safety	113,535	122,840	111,998	106,371	94,623	83,058	82,086	80,022	78,670	74,077
Community Development	8,182	22,849	21,901	20,562	17,676	18,025	16,351	21,922	20,855	21,981
Public Works	35,464	21,887	19,179	23,958	18,157	15,950	17,022	18,822	14,292	10,810
Environmental Services	2,668	3,653	3,178	2,455	1,248	1,864	913	1,993	2,279	2,920
Library and Recreation Services	18,698	19,784	18,920	19,118	17,628	16,194	17,216	16,222	16,399	8,873
NOVA Workforce Services	9,040	11,939	12,019	13,260	11,776	11,548	8,919	8,874	9,141	12,813
Interest on Long-term Debt	3,813	382	467	504	494	473	573	648	781	419
Total Governmental Activities	210,359	220,408	203,428	204,189	174,944	156,660	162,511	167,181	160,276	150,431
Business-Type Activities:										
Water Supply and Distribution	51,097	50,466	48,034	46,296	44,104	36,294	29,303	31,732	31,790	27,254
Wastewater Management	33,635	30,477	31,390	29,664	26,645	24,237	22,353	22,101	21,753	20,597
Solid Waste Management	44,397	45,134	43,969	40,748	40,734	39,357	36,576	36,496	31,637	32,327
SMaRT Station	27,070	29,304	29,050	28,098	28,056	27,202	27,389	27,426	26,810	28,467
Development	16,435	16,680	15,774	13,447	10,980	8,945	7,671	-	-	-
Golf & Tennis Operations or Community Recreation	4,987	5,900	5,565	4,799	4,184	3,636	3,473	3,621	3,728	11,454
Total Business-Type Activities	177,621	177,961	173,782	163,052	154,703	139,671	126,765	121,376	115,718	120,099
Total Primary Government Expenses	\$ 387,980	\$ 398,369	\$ 377,210	\$ 367,241	\$ 329,647	\$ 296,331	\$ 289,276	\$ 288,557	\$ 275,994	\$ 270,530
Program Revenues:										
Governmental Activities:										
Charges for Services										
Planning and Management	\$ 722	\$ 467	\$ 316	\$ 607	\$ 478	\$ 278	\$ 563	\$ 427	\$ 347	\$ 1,510
Public Safety	3,441	4,494	4,705	4,301	3,827	3,716	3,713	3,573	2,926	3,596
Community Development	8,438	42,460	26,917	47,359	30,861	35,141	12,464	30,322	28,060	21,553
Public Works	2,724	5,526	5,252	8,510	3,004	4,162	3,157	3,783	3,790	497
Environmental Management	-	9	1	-	-	1	-	954	979	575
Library and Recreation Services	2,093	3,197	5,114	4,731	4,770	4,871	4,674	4,446	4,387	270
NOVA Workforce Services	-	402	269	100	112	98	110	98	-	144
Operating Grants and Contributions	18,152	18,324	17,530	19,314	19,932	18,767	15,616	16,198	16,427	19,426
Capital Grants and Contributions	19,615	16,296	12,256	14,111	26,895	21,323	12,789	6,831	26,038	15,095
Total Governmental Activities Program Revenues	55,185	91,175	72,360	99,033	89,879	88,357	53,086	66,632	82,954	62,666

Business-Type Activities:

Charges for Services										
Water Supply and Distribution	61,433	64,727	64,560	60,749	45,311	36,300	33,568	39,066	36,071	32,630
Wastewater Management	50,283	60,453	57,171	53,494	37,720	37,071	31,487	32,078	29,253	26,046
Solid Waste Management	50,450	52,459	54,240	50,418	47,952	46,585	43,236	42,033	40,415	38,668
SMART Station	26,491	27,472	27,994	25,349	26,443	25,827	25,817	25,749	25,265	26,210
Development	14,470	22,448	24,379	21,878	19,371	15,850	13,832	-	-	-
Golf & Tennis Operations or Community Recreation	4,701	3,402	3,586	3,361	3,107	3,186	3,528	3,572	3,491	7,452
Capital Grants and Contributions	1,653	658	775	1,612	5,658	368	1,916	401	584	459
Total Business-Type Activities Program Revenues	209,481	231,619	232,705	216,861	185,562	165,187	153,384	142,899	135,079	131,465
Total Primary Government Program Revenues	\$ 264,666	\$ 322,794	\$ 305,065	\$ 315,894	\$ 275,441	\$ 253,544	\$ 206,470	\$ 209,531	\$ 218,033	\$ 194,131
Net (Expense)/Revenue										
Governmental Activities	\$ (155,174)	\$ (129,233)	\$ (131,068)	\$ (105,156)	\$ (85,065)	\$ (68,303)	\$ (109,425)	\$ (100,549)	\$ (77,322)	\$ (87,765)
Business-Type Activities	31,860	53,658	58,923	53,809	30,859	25,516	26,619	21,523	19,361	11,366
Total Primary Government Net Expense	\$ (123,314)	\$ (75,575)	\$ (72,145)	\$ (51,347)	\$ (54,206)	\$ (42,787)	\$ (82,806)	\$ (79,026)	\$ (57,961)	\$ (76,399)

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

Taxes										
Property Taxes	\$ 101,528	\$ 92,069	\$ 85,057	\$ 74,572	\$ 67,899	\$ 64,168	\$ 56,560	\$ 50,515	\$ 47,779	\$ 48,823
Sales and Use Taxes	25,906	27,118	32,220	31,314	29,408	31,357	29,676	30,195	29,909	30,345
Motor Vehicle License Fees	-	-	-	-	-	-	-	-	62	73
Franchise Fees, Unrestricted	6,980	7,180	6,976	7,160	7,118	7,057	6,898	6,694	6,462	6,373
Utilities Users Taxes	8,590	8,259	8,303	7,854	7,334	6,901	6,774	6,754	6,549	6,830
Transient Occupancy Taxes	5,192	15,930	21,249	17,742	16,590	16,295	14,137	10,859	9,016	7,777
Real Property Transfer Taxes	1,970	1,815	2,002	2,075	1,770	1,972	1,765	1,674	1,275	925
Construction Taxes	2,454	5,171	6,346	4,961	4,719	3,298	3,066	2,984	2,725	3,059
Business License Taxes	1,923	1,935	1,953	1,838	1,819	1,872	1,846	1,742	1,589	1,505
Investment Earnings	2,305	26,831	18,762	3,389	1,094	2,682	1,702	1,710	758	1,262
Interest Accrued from Advances to Business-Type Activities	568	458	477	395	2,421	2,613	2,793	2,922	3,068	3,044
Interest Accrued from Advances to Former RDA	-	-	-	911	565	49	64	56	66	39
Extraordinary Items	-	-	-	(29,329)	-	-	-	-	(13,966)	43,481
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	30
Transfers	5,588	1,866	1,376	(1,059)	1,529	1,930	12,743	9,943	9,123	5,524
Total Governmental Activities	163,004	188,657	216,793	136,931	143,487	155,276	139,298	127,665	105,770	159,090
Business-type Activities										
Investment Earnings	304	9,727	5,737	835	440	780	541	499	331	460
Transfers	(5,588)	(1,866)	(1,376)	1,059	(1,529)	(1,930)	(12,743)	(9,943)	(9,123)	(5,524)
Total Business-Type Activities	(5,284)	7,861	4,361	1,894	(1,089)	(1,150)	(12,202)	(9,444)	(8,792)	(5,064)
Total Primary Government	\$ 157,720	\$ 196,518	\$ 221,154	\$ 138,825	\$ 142,398	\$ 154,126	\$ 127,096	\$ 118,221	\$ 96,978	\$ 154,026
Change in Net Position										
Governmental Activities	\$ 7,830	\$ 59,424	\$ 85,725	\$ 31,775	\$ 58,422	\$ 86,973	\$ 29,873	\$ 27,116	\$ 28,448	\$ 71,325
Business-Type Activities	26,576	61,519	63,284	55,703	29,770	24,365	14,417	12,079	10,569	6,302
Total Primary Government	\$ 34,406	\$ 120,943	\$ 149,009	\$ 87,478	\$ 88,192	\$ 111,338	\$ 44,290	\$ 39,195	\$ 39,017	\$ 77,627

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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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Fund										
Nonspendable	\$ 3,202	\$ 3,797	\$ 5,518	\$ 5,861	\$ 7,554	\$ 6,261	\$ 4,596	\$ 5,488	\$ 9,829	\$ 13,320
Restricted	3,102	3,066	2,914	2,808	2,724	2,554	2,500	2,413	2,288	5,196
Committed	77,606	59,439	46,896	60,532	57,745	55,240	32,402	42,015	33,454	34,014
Unassigned	46,236	59,883	71,030	63,686	60,979	57,423	59,096	52,868	52,486	54,753
Total General Fund	<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>	<u>\$ 107,283</u>
All Other Governmental Funds										
Nonspendable	\$ 1,626	\$ 1,625	\$ 1,626	\$ 1,609	\$ 1,880	\$ 1,882	\$ 1,883	\$ 1,885	\$ 2,027	\$ 2,055
Restricted	422,519	333,472	304,524	275,278	221,328	179,053	143,788	93,137	91,549	75,296
Committed	2,486	4,297	22,804	-	-	-	-	-	-	-
Assigned	71,583	70,926	50,904	16,434	14,886	15,368	14,216	12,267	11,092	9,937
Unassigned	(750)	-	-	(91)	(5)	-	-	-	(3)	-
Total All Other Governmental Funds	<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>	<u>\$ 87,288</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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Revenues										
Property Taxes	\$ 101,297	\$ 91,839	\$ 84,828	\$ 74,350	\$ 67,676	\$ 63,945	\$ 56,337	\$ 50,294	\$ 47,556	\$ 48,597
Sales and Use Taxes	25,905	28,827	33,829	33,148	31,017	32,914	31,212	31,672	31,412	31,623
Other Taxes	20,130	33,110	39,853	34,469	32,232	30,338	27,588	24,013	21,154	20,096
Franchise Fees	6,980	7,179	6,976	7,160	7,118	7,057	6,898	6,694	6,462	6,373
Intergovernmental Revenues	35,975	26,548	22,959	23,936	22,461	21,757	18,077	19,659	22,466	31,420
Permits and Licenses	1,894	2,130	1,938	1,699	1,287	1,297	1,308	9,796	9,734	9,568
Fines and Forfeitures	733	1,104	1,252	1,106	1,217	1,312	1,174	1,199	1,080	1,290
Special Assessments	6	6	6	6	6	6	6	26	38	13
Service Fees	13,078	51,883	40,160	61,688	37,455	46,554	19,719	30,250	27,397	13,629
Rents and Concessions	1,290	1,225	1,653	1,404	1,483	1,469	1,494	1,408	1,668	1,211
Interest Received from										
Interfund Advances	4,420	4,451	4,787	4,787	5,364	5,364	4,862	1,616	1,806	4,426
Investment Earnings	986	22,845	15,816	2,962	1,012	2,112	1,320	1,361	578	922
Other Revenues ¹	1,281	2,715	1,669	2,499	20,123	1,931	1,350	4,016	4,551	6,042
Total Revenues	213,975	273,862	255,726	249,214	228,451	216,056	171,345	182,004	175,902	175,210
Expenditures										
Planning and Management	16,020	13,502	11,314	11,315	12,107	9,632	19,021	17,882	17,101	17,501
Public Safety	109,467	107,285	104,340	98,116	92,113	88,392	82,490	81,129	78,155	73,484
Community Development ²	5,298	18,352	17,805	16,509	15,262	13,594	14,120	30,898	21,269	22,210
Public Works	24,726	11,300	10,432	10,387	10,140	10,072	12,698	13,811	7,955	7,750
Environmental Services	2,411	3,147	2,871	1,341	1,163	1,801	647	1,948	1,922	1,861
Library and Recreation Services ³	18,270	17,881	17,612	16,709	16,995	16,314	15,721	15,209	15,587	7,804
NOVA Workforce Services	9,130	11,063	11,181	12,552	11,841	11,812	8,834	8,392	8,644	11,726
Capital Outlay	91,826	58,759	17,407	33,764	17,764	19,133	10,337	15,596	10,126	16,787
Debt Service:										
Principal Retirement	10,745	1,715	1,605	1,535	1,465	1,395	1,335	1,280	1,220	1,550
Interest	2,104	312	388	415	419	394	427	468	518	3,291
Fiscal Charges	875	83	91	100	86	89	156	189	131	181
Total Expenditures	290,872	243,399	195,046	202,743	179,355	172,628	165,786	186,802	162,628	164,145

Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(76,897)	30,463	60,680	46,471	49,096	43,428	5,559	(4,798)	13,274	11,065
Other Financing Sources (Uses):										
Bonds Issued	131,200	-	-	-	-	-	-	-	-	-
Bonds Premium	19,637	-	-	-	-	-	-	-	-	-
Transfers In	40,958	23,853	48,188	44,632	11,098	10,378	22,588	30,481	19,913	21,770
Transfers Out	(23,792)	(24,028)	(61,842)	(53,077)	(10,884)	(9,186)	(22,978)	(19,203)	(12,382)	(15,746)
Proceeds from Sale of Capital Assets	-	-	33,073	21,000	-	14,680	-	870	-	-
Total Other Financing Sources (Uses)	<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>	<u>6,024</u>
Extraordinary Items:										
Net Assets Received or Removed upon Dissolution of Redevelopment Agency	-	-	-	-	-	-	-	-	(13,966)	80,098
Net Change in Fund Balances	<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>	<u>\$ 97,187</u>
Capital Expenditures	\$ 82,945	\$ 51,821	\$ 11,966	\$ 15,663	\$ 11,691	\$ 11,969	\$ 7,299	\$ 12,077	\$ 5,992	\$ 14,207
Debt Service as a Percentage of Noncapital Expenditures	6.2%	1.1%	1.1%	1.0%	1.1%	1.1%	1.1%	1.0%	1.1%	3.2%

- 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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Property	\$ 101,297	\$ 91,839	\$ 84,828	\$ 74,350	\$ 67,676	\$ 63,945	\$ 56,337	\$ 50,294	\$ 47,556	\$ 48,597
Sales and Use	25,906	28,827	33,829	33,148	31,017	32,914	31,212	31,672	31,412	31,623
Transient Occupancy	5,192	15,930	21,249	17,742	16,590	16,295	14,137	10,859	9,016	7,778
Utility Users	8,590	8,259	8,303	7,854	7,334	6,901	6,774	6,754	6,549	6,830
Business Licenses	1,923	1,935	1,953	1,837	1,819	1,872	1,846	1,742	1,589	1,505
Real Property Transfer	1,970	1,815	2,002	2,075	1,770	1,972	1,765	1,674	1,275	925
Construction	2,454	5,171	6,346	4,961	4,719	3,298	3,066	2,984	2,725	3,059
Franchise	6,980	7,179	6,976	7,160	7,118	7,057	6,898	6,694	6,462	6,373
Total	<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>	<u>\$ 106,690</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
2012	\$ 14,491,247,756	\$ 3,438,645,488	\$ 5,341,788,549	\$ 340,366,939	\$ 2,608,683,037	\$ 26,220,731,769	\$ 301,649,177	\$ 25,919,082,592	1.0%
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%

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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	0.00690	0.00690	0.00720	0.00820	0.00860	0.00880	0.00910	0.00350	0.00510	0.00470
County Housing Bond	-	0.01000	0.01050	0.01266	-	-	-	-	-	-
Special District										
Santa Clara Valley Water District	0.00370	0.00410	0.00420	0.00620	0.00860	0.00570	0.00650	0.00700	0.00690	0.00642
El Camino Hospital	0.01000	0.01000	0.01000	0.01000	0.01290	0.01290	0.01290	0.01290	0.01290	0.01290
Midpeninsula Regional Open Space	0.00150	0.00160	0.00180	0.00090	0.00060	0.00080	-	-	-	-
School Districts										
Sunnyvale School District	0.03340	0.03450	0.03680	0.03680	0.02630	0.04090	0.04920	0.03640	0.03690	0.03980
Cupertino Elementary	0.04030	0.04150	0.03970	0.04960	0.05090	0.05190	0.05400	0.05250	0.05980	0.02900
Los Altos Elementary	0.07130	0.04180	0.04490	0.04630	0.04790	0.04850	0.05240	0.05340	0.05790	0.05950
Mountain View Elementary	0.05960	0.03960	0.04250	0.04100	0.04260	0.02730	0.03380	0.05300	0.06020	0.03030
Fremont High	0.04780	0.04790	0.04300	0.04640	0.04030	0.05250	0.03960	0.04050	0.03900	0.04150
Mountain View-Los Altos High	0.04000	0.03650	0.04090	0.01070	0.01120	0.01190	0.01330	0.01210	0.01390	0.01470
Santa Clara Unified	0.10450	0.11760	0.07070	0.08280	0.08180	0.09420	0.07040	0.07070	0.08190	0.08360
Foothills-De Anza College	0.03640	0.02080	0.02170	0.02200	0.02340	0.02400	0.02760	0.02900	0.02870	0.02970

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, 2021**

Taxpayer	2021			2012		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ²	Rank	Percentage of Total Taxable Assessed Value
Google Inc	\$ 3,400,500,676	1	34.19%	n/a	n/a	n/a
Apple Inc	1,059,560,119	2	10.65%	n/a	n/a	n/a
Lockheed Martin Corporation	902,841,547	3	9.08%	\$ 1,201,780,031	1	29.71%
Applied Materials Inc	848,745,538	4	8.53%	378,795,981	4	9.36%
Intuitive Surgical Inc	844,615,170	5	8.49%	224,628,525	8	5.55%
Menlo And Juniper Networks LLC	792,293,621	6	7.96%	368,629,179	5	9.11%
CW SPE LLC	771,596,716	7	7.76%	n/a	n/a	n/a
Moffett Place LLC	498,975,714	8	5.02%	n/a	n/a	n/a
441 Real Estate LLC	423,110,048	9	4.25%	n/a	n/a	n/a
STC Venture LLC	404,950,603	10	4.07%	n/a	n/a	n/a
Network Appliance Inc	n/a	n/a	n/a	537,134,556	2	13.28%
Yahoo Inc	n/a	n/a	n/a	413,196,431	3	10.21%
SPF Mathilda LLC	n/a	n/a	n/a	278,866,634	6	6.89%
MT SPE LLC	n/a	n/a	n/a	264,517,587	7	6.54%
Moffett Towers Lot 3 LLC	n/a	n/a	n/a	206,972,462	9	5.12%
Silicon Valley Financing LLC	n/a	n/a	n/a	170,558,583	10	4.22%
Total	\$ 9,947,189,752		100.00%	\$ 4,045,079,969		100.00%

Source: County of Santa Clara Assessor's Office

Note 1 City Total Taxable Assessed Value: \$54,828,905,431

Note 2 City Total Taxable Assessed Value: \$25,919,082,592

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	
2012	\$ 30,870,190	\$ 29,149,449	94.4%	\$ 727,856
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

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Governmental Activities:										
Certificates of Participation	\$ 2,400	\$ 13,145	\$ 14,860	\$ 16,465	\$ 18,000	\$ 19,465	\$ 20,860	\$ 22,195	\$ 23,475	\$ 24,695
Lease Revenue Bonds	150,421	-	-	-	-	-	-	-	-	-
Tax Allocation Bonds	-	-	-	-	-	-	-	-	-	-
Business-Type Activities:										
Water and Wastewater Series 2017A	37,687	39,582	41,433	43,253	48,406	50,903	53,291	55,573	57,775	58,677
Solid Waste Notes Payable	-	703	1,395	2,080	2,611	5,003	7,368	-	-	-
State Revolving Fund Loan	105,864	81,984	38,599	7,396	-	-	-	-	-	-
WIFIA Loan	127	-	-	-	-	-	-	-	-	-
Solid Waste Revenue Bonds	-	-	-	-	-	-	-	12,388	14,505	16,144
Total Primary Government	\$ 296,499	\$ 135,414	\$ 96,287	\$ 69,194	\$ 69,017	\$ 75,371	\$ 81,519	\$ 90,156	\$ 95,755	\$ 99,516
Percentage of Personal Income ¹	0.24%	0.11%	0.09%	0.06%	0.07%	0.08%	0.10%	0.12%	0.13%	0.14%
Per Capita ²	\$ 1,927	\$ 878	\$ 618	\$ 449	\$ 458	\$ 506	\$ 556	\$ 613	\$ 656	\$ 696

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 2020 was used to calculate percentages for fiscal year 2021 since data for fiscal year 2021 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, 2021**

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	284,223,303	14.551	41,357,333
El Camino Hospital District	116,290,000	38.515	44,789,094
Foothill Community College District Certificates of Participation	22,085,000	24.937	5,507,336
Foothill-De Anza Community College District	707,932,142	24.937	176,537,038
Fremont Union High School District	617,160,088	52.902	326,490,030
Midpeninsula Regional Open Space Park District & General Fund Obligations	192,400,600	16.290	31,342,058
Mountain View School District	4,530,000	11.965	542,015
Mountain View-Whisman School District	279,115,000	7.480	20,877,802
Mountain View-Los Altos Union High School District & Certificates of Participation	209,501,071	4.056	8,497,363
Los Altos School District & Certificates of Participation	166,024,070	0.002	3,320
Santa Clara County	812,685,000	9.952	80,878,411
Santa Clara County General Fund Obligations	914,957,860	9.952	91,056,606
Santa Clara County Pension Obligation Bonds	341,399,194	9.952	33,976,048
Santa Clara County Board of Education Certificates of Participation	2,670,000	9.952	265,718
Santa Clara County Vector Control Certificates of Participation	1,765,000	9.952	175,653
Santa Clara Unified School District & Certificates of Participation	1,015,240,000	9.075	92,133,030
Santa Clara Valley Water District Benefit Assessment District	57,010,000	9.952	5,673,635
Sunnyvale School District	209,495,820	99.380	208,196,946
West Valley-Mission Community College District	589,080,000	4.189	24,676,561
West Valley Mission Community College District General Fund Obligations	49,850,000	4.189	2,088,217
Subtotal Overlapping Debt			1,208,379,214
Direct Debt ²			
City of Sunnyvale Government Center 2020 Lease Bonds			150,420,554
City of Sunnyvale Parking Facility Certificates of Participation			2,400,000
Subtotal Direct Debt			152,820,554
Total Direct and Overlapping Debt ³			\$ 1,361,199,768

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Debt limit	\$ 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	\$ 3,933,110
Total net debt applicable to limit	258,812	95,129	14,860	16,464	18,000	19,465	20,860	22,195	23,475	29,943
Legal debt Margin	<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>	<u>\$ 3,903,167</u>
Total net debt applicable to the limit as a percentage of debt limit	3.11%	1.26%	0.26%	0.31%	0.37%	0.44%	0.57%	0.57%	0.76%	0.81%

Legal Debt Margin Calculation for Fiscal Year 2021

Assessed value	\$ 54,828,905
Add back: exempt real property	682,233
Total assessed value	<u>\$ 55,511,138</u>
Debt limit (15% of total assessed value)	8,326,671
Debt applicable to limit:	
Total bonded debt	296,499
Less:	
Water and Wastewater Series 2017A	<u>(37,687)</u>
Total net debt applicable to limit	<u>258,812</u>
Legal debt margin	<u>\$ 8,067,859</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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Water and Wastewater Revenue Bonds										
Gross Revenues	\$ 111,831	\$ 130,935	\$ 124,734	\$ 114,566	\$ 83,371	\$ 73,946	\$ 65,536	\$ 71,567	\$ 65,621	\$ 59,071
Less: Operating Expenses ¹	76,201	71,290	70,144	67,775	63,547	53,452	44,141	46,074	45,316	39,268
Less: Operating Transfers ²	2,599	2,124	2,245	869	415	1,362	6,716	6,852	6,161	6,636
Net Available Revenue ⁵	\$ 33,031	\$ 57,521	\$ 52,345	\$ 45,922	\$ 19,409	\$ 19,132	\$ 14,679	\$ 18,641	\$ 14,144	\$ 13,167
Debt Service										
Principal	\$ 1,715	\$ 1,670	\$ 1,640	\$ 2,925	\$ 2,330	\$ 2,220	\$ 2,115	\$ 2,035	\$ 1,955	\$ 1,900
Interest	1,434	1,486	1,523	1,560	2,411	2,522	2,624	2,703	2,789	2,824
Coverage	10.5	18.2	16.5	10.2	4.1	4.0	3.1	3.9	3.0	2.8
Solid Waste Revenue Bonds/Notes Payable ⁴										
Gross Revenues	\$ 50,541	\$ 53,587	\$ 54,988	\$ 50,587	\$ 48,052	\$ 46,698	\$ 43,295	\$ 42,104	\$ 40,444	\$ 38,717
Other Agencies Shares ³	197	196	196	156	971	972	1,004	1,064	1,043	1,041
Less: Operating Expenses ¹	43,845	44,627	43,503	40,369	38,856	37,433	34,517	34,334	29,422	30,110
Less: Operating Transfers ²	-	1,501	1,167	921	743	723	3,135	3,201	2,882	3,241
Net Available Revenue ⁵	\$ 6,893	\$ 7,655	\$ 10,514	\$ 9,453	\$ 9,424	\$ 9,514	\$ 6,647	\$ 5,633	\$ 9,183	\$ 6,407
Debt Service										
Principal	\$ 703	\$ 692	\$ 685	\$ 531	\$ 2,392	\$ 2,365	\$ 2,165	\$ 2,060	\$ 1,960	\$ 1,865
Interest ⁴	2	13	21	29	47	76	394	645	746	834
Coverage	9.8	10.9	14.9	16.9	3.9	3.9	2.6	2.1	3.4	2.4

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 2015 with a new privately funded bank loan.
- 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
2012	142,896	\$ 135,029	71,282	36	16,562	80,075	7.6%
2013	145,864	137,464	71,470	36	16,900	80,950	6.2%
2014	147,055	150,595	77,261	36	17,103	82,384	4.8%
2015	146,629	166,082	84,134	35	17,078	84,814	3.9%
2016	148,948	179,830	90,484	35	16,908	86,577	3.4%
2017	150,599	194,898	97,819	35	16,755	87,034	3.1%
2018	153,944	212,433	106,568	35	16,971	87,361	2.4%
2019	155,766	223,719	112,693	36	16,704	87,226	2.2%
2020	154,252	239,730	121,619	35	16,386	82,810	7.4%
2021	153,827	Not Available	Not Available	35	15,527	84,194	4.0%

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	2021			2012		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Google	14,713	1	17.48%	n/a	n/a	n/a
Apple	4,500	2	5.34%	4,000	3	5.00%
Lockheed Martin Space Systems	3,855	3	4.58%	7,034	1	8.78%
Amazon.Com Services	3,748	4	4.45%	n/a	n/a	n/a
LinkedIn	3,549	5	4.22%	n/a	n/a	n/a
Juniper Networks	3,000	6	3.56%	2,400	5	3.00%
Intuitive Surgical	2,169	7	2.58%	n/a	n/a	n/a
Microsoft	1,893	8	2.25%	n/a	n/a	n/a
Synopsys	1,590	9	1.89%	917	10	1.15%
Walmart	1,586	10	1.88%	n/a	n/a	n/a
Yahoo!	n/a	n/a	n/a	4,905	2	6.13%
NetApp	n/a	n/a	n/a	2,785	4	3.48%
West Valley Engineering	n/a	n/a	n/a	1,600	6	2.00%
Maxim Integrated Products	n/a	n/a	n/a	n/a	n/a	n/a
Northrup Grumman Marine Systems	n/a	n/a	n/a	1,240	8	1.55%
Palm	n/a	n/a	n/a	1,102	9	1.38%
Applied Materials	n/a	n/a	n/a	1,306	7	1.63%

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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Departments										
Planning and Management	153	142	134	126	120	112	112	111	107	106
Public Safety ¹	289	289	289	291	287	283	279	279	276	278
Community Development	54	53	48	46	43	39	39	37	37	37
Public Works	189	189	188	187	186	182	180	181	180	184
Environmental Services	127	127	127	123	121	118	117	115	116	113
Library and Recreational Services	83	84	84	100	100	100	100	100	100	102
NOVA Workforce Services	41	38	38	44	44	43	43	43	46	46
Total	<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>	<u>866</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									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Public Safety:										
Police										
Emergency Responses	39,128	38,937	35,068	40,525	41,050	31,848	37,662	38,133	40,680	41,060
Crime Investigations	609	1,270	2,640	7,057	2,030	4,718	2,855	3,249	5,131	2,347
Traffic Events and Citations	16,682	16,592	11,794	15,846	10,155	8,829	9,772	11,894	14,460	17,514
Fire										
Emergency Responses	6,965	7,094	7,204	7,241	7,483	7,774	7,438	7,606	7,487	7,092
Fire Safety Inspections	1,721	6,724	8,541	6,778	7,585	6,682	6,439	7,163	6,842	6,495
Transportation:										
Streets Resurfacing (1,000 square feet)	10,311	6,547	215	3,034	Not Available	None	1,177	1,565	1,493	572
Street Preventive Maintenance (1,000 sq feet)	3,867	2,316	6,300	4,577	4,728	4,473	3,641	3,323	3,624	4,272
Streetlight Lamps Replaced	Not Available	Not Available	1,100	996	946	1,656	1,242	925	1,032	1,486
Cultural:										
Library Visitors	39,807	398,830	619,986	657,343	683,739	669,796	699,128	707,922	743,311	743,363
Library Materials Circulated	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	2,705,192
Library Materials Turnover Rate (average use)	5.1	6.0	6.8	6.9	7.2	6.6	8.7	8.8	9.5	9.0
Recreation Programs Registration (hours)	131,989	545,162	657,961	758,387	Not Available	821,950	866,750	850,978	837,899	801,792
Rental Use of Recreation Facilities	30,643	71,915	106,735	89,792	Not Available	92,842	103,122	98,878	74,404	81,152
Water Supply and Distribution:										
Average Daily Demand (million gallons)	18.0	17.4	16.4	16.8	15.4	14.0	19.4	19.4	19.4	22.8
Peak Daily Use (million gallons)	32.4	31.4	29.5	30.3	27.8	21.0	29.1	29.1	29.1	34.2
Water Main Repairs	34	23	39	28	19	30	38	48	24	33
Wastewater Management:										
Average Daily Sewage Treatment (million gallons)	12.5	12.9	13.3	12.4	12.7	11.7	12.8	12.8	13.4	13.5
Solid Waste Management:										
Refuse collected (tons per day)	219.0	236.0	251.0	237.0	255.0	250.0	244.0	234.8	234.6	223.6
Recyclables collected (tons per day)	88.0	96.0	98.0	90.0	79.5	78.5	71.5	68.6	71.3	68.3
SMaRT Station:										
Refuse received (tons per day)	577.0	598.0	648.0	620.0	643.0	640.0	652.0	608.0	609.0	576.0
Golf and Tennis:										
Plays at Golf Courses	152,637	98,309	97,875	109,874	105,632	111,011	121,997	124,741	129,583	136,121

Source: City of Sunnyvale, various departments

CITY OF SUNNYVALE

**Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
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	73	73	71	72	69	70	70	70	70
Fire Stations	6	6	6	6	6	6	6	6	6	6
Transportation										
Streets (miles)	261	261	261	261	261	300	300	300	300	300
Streetlights	9,354	9,354	9,354	9,353	9,352	9,354	9,357	9,316	9,328	9,357
Traffic Signals	135	134	132	132	132	131	131	129	129	130
Cultural¹										
Park Acreage	345	345	344	344	344	329	329	329	324	323
Parks	24	24	23	23	23	21	21	21	20	19
Swimming Pools	3	3	3	3	3	4	4	4	5	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	330
Fire Hydrants	3,433	3,433	3,433	3,433	3,412	3,400	3,362	3,362	3,360	3,424
Storage Capacity (million gallons)	26.5	26.5	26.5	26.5	26.5	26.5	27.5	27.5	27.5	27.5
Wastewater Management										
Sanitary Sewer (miles)	312	312	312	310	310	310	310	283	283	283
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	1,500	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	38

Source: City of Sunnyvale, various departments

Note: 1 No capital asset indicators are available for library function.