

Sunnyvale Financing Authority

Sunnyvale, California

**Basic Financial Statements
and Independent Auditor's Report**
Fiscal Year Ended June 30, 2021



Sunnyvale

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and Independent Auditor's Report
Fiscal Year Ended June 30, 2021

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Prepared by the Department of Finance
Tim Kirby, Director of Finance

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Independent Auditor's Report

Governing Board of the
Sunnyvale Financing Authority
Sunnyvale, California

We have audited the accompanying financial statements of the governmental activities and the major funds of the Sunnyvale Financing Authority (Authority), a component unit of the City of Sunnyvale, California, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority'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. 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 and the major funds of the Authority as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 Governmental Accounting Standards Board 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.

Macias Gini & O'Connell LLP

Walnut Creek, California
January 18, 2022

Management's Discussion and Analysis

Management's Discussion and Analysis (Unaudited)
Fiscal Year Ended June 30, 2021

This analysis of the Sunnyvale Financing Authority (Authority) of the City of Sunnyvale's (City) financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the accompanying basic financial statements and the accompanying notes to basic financial statements.

A. FINANCIAL HIGHLIGHTS

- At June 30, 2021, the Authority's net position is \$0. The Authority receives lease payments from the City and makes debt service payments to the fiscal agent when due.
- At June 30, 2021, other than the unspent bond proceeds held by the fiscal agent, the Authority's major asset includes the lease receivable from the City, which should be sufficient to pay off the outstanding bonds payable in the remaining bond years. Any excess or unspent funds (primarily interest earned and accrued) can be applied by the City to reduce future lease payments to the Authority.
- During the year ended June 30, 2021, the Authority fully repaid the outstanding 2009 Government Center Certificates of Participation (2009 COPs).
- During the year ended June 30, 2021, the Authority issued 2020 Civic Center Lease Revenue Bonds (2020 Bonds) of \$131,200,000 with premium of \$19,637,260.

B. OVERVIEW OF FINANCIAL STATEMENTS

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

The Authority's main function is the issuance and service of debt for the benefit of the City. The Authority's revenue sources are lease payments from the City and interest income from bond accounts held by the fiscal agent.

Government-Wide Financial Statements

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.

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

*Management's Discussion and Analysis (Unaudited), Continued
Fiscal Year Ended June 30, 2021*

B. OVERVIEW OF FINANCIAL STATEMENTS, Continued

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

Governmental Funds Financial Statements

The governmental funds financial statements include statements for the governmental funds which are prepared using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized as soon as they become measurable and available. Revenues are considered available when they are collectible within the current period or soon enough (within 60 days of the end of the current fiscal period) 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.

For the year ended June 30, 2021, the Authority reported two major debt services funds for the activities of the outstanding bonds: 2009 Government Center Certificates of Participation Fund and 2020 Civic Center Lease Revenue Bonds Fund.

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.

Notes to the Basic Financial Statements

The notes provide additional information that explain the data provided in the government-wide and governmental funds financial statements.

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

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS**Statement of Net Position**

The following are the condensed comparative statements of net position at June 30, 2021 and 2020.

	2021	2020
Assets:		
Current Assets	\$ 146,144	\$ 1,902
Noncurrent Assets	5,540	7,749
Total Assets	<u>151,684</u>	<u>9,651</u>
Liabilities:		
Current Liabilities	1,263	711
Noncurrent Liabilities	150,421	8,940
Total Liabilities	<u>151,684</u>	<u>9,651</u>
Net Position	<u>\$ -</u>	<u>\$ -</u>

The liabilities will be funded from lease payments by the City, with credits of the interest earned from the reserve funds and any excess reserves. The increases in assets and liabilities were mainly due to the issuance of 2020 Bonds during the year ended June 30, 2021 of \$131,200,000 with premium of \$19,637,260. The increase in current assets was mainly due to unspent bond proceeds held by the Authority that is expected to be disbursed to the City upon request of reimbursement by the City for Civic Center construction. The increases were offset by the collection of lease revenues from the City to fully repay the 2009 COPs.

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

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued**Statement of Activities**

The following are the condensed comparative statements of activities for the fiscal years ended June 30, 2021 and 2020.

	2021	2020
Revenues:		
Program Revenues:		
Charges for Services -		
Lease Revenue	\$ 8,801	\$ 71
General Revenues:		
Investment Earnings	2	34
Expenses:		
Intergovernmental Disbursements to the City	5,126	-
Interest Expense and Fiscal Charges	3,677	105
Total Expenses	8,803	105
Change in Net Position	-	-
Net Position - Beginning of Year	-	-
Net Position - Ending of Year	\$ -	\$ -

The increase in intergovernmental disbursements to the City was due to the current year disbursement of 2020 Bonds proceeds to the City for Civic Center construction. The increase in interest expense and fiscal charges was mainly due to the issuance of 2020 Bonds during the current year which lead to higher outstanding debt balances. The increase in lease revenue was mainly due to the repayment of the outstanding 2009 COPs and increase in interest expense during the year.

*Management's Discussion and Analysis (Unaudited), Continued
Fiscal Year Ended June 30, 2021*

D. GOVERNMENTAL FUNDS FINANCIAL ANALYSIS

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

2009 Government Center Certificates of Participation Fund

During the year ended June 30, 2021, the increases in lease revenue and debt service expenditures were due to the repayment of the outstanding 2009 COPs. The 2009 COPS were fully paid off during the year.

2020 Civic Center Lease Revenue Bonds Fund

During the year ended June 30, 2021, the Authority issued 2020 Civic Center Lease Revenue Bonds (2020 Bonds) of \$131,200,000 with premium of \$19,637,260. \$5,125,830 of the 2020 Bonds proceeds was disbursed to the City during the year, and the remaining unspent bond proceeds are expected to be disbursed to the City upon request of reimbursement by the City for Civic Center construction.

E. LONG-TERM OBLIGATIONS

During the year ended June 30, 2021, the Authority fully repaid the outstanding 2009 COPs and issued 2020 Bonds of \$131,200,000 with premium of \$19,637,260.

For more information on the Authority's long-term debt, see Note 3 to the basic financial statements.

F. REQUEST FOR INFORMATION

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

Government-Wide Financial Statements

SUNNYVALE FINANCING AUTHORITY

Statement of Net Position
June 30, 2021

	Governmental Activities
Assets:	
Current Assets:	
Restricted Cash and Investments Held by City	\$ 874,000
Restricted Cash and Investments Held by Fiscal Agent	144,005,555
Interest Receivable	723
Lease Interest Receivable	1,263,856
Total Current Assets	<u>146,144,134</u>
Noncurrent Assets:	
Lease Receivable	<u>5,540,276</u>
Total Assets	<u><u>151,684,410</u></u>
Liabilities:	
Current Liabilities:	
Interest Payable	1,263,856
Noncurrent Liabilities:	
Long-Term Debt - Due in More Than One Year	<u>150,420,554</u>
Total Liabilities	<u><u>151,684,410</u></u>
Net Position	<u><u>\$ -</u></u>

See Accompanying Notes to the Basic Financial Statements.

SUNNYVALE FINANCING AUTHORITY

Statement of Activities
Year Ended June 30, 2021

	Governmental Activities
Program Expenses:	
Intergovernmental Disbursements to the City	\$ 5,125,840
Interest Expense and Fiscal Charges	<u>3,676,774</u>
Total Program Expenses	<u>8,802,614</u>
Program Revenues:	
Charges for Services - Lease Revenue	8,800,708
General Revenues:	
Investment Earnings	<u>1,906</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>

See Accompanying Notes to the Basic Financial Statements.

Governmental Funds Financial Statements

The 2009 Government Center Certificates of Participation Fund is used to account for the repayment of the principal and interest of the outstanding 2009 Government Center Certificates of Participation.

The 2020 Civic Center Lease Revenue Fund is used to account for the resources accumulated for the repayment of the principal and interest of the 2020 Civic Center Lease Revenue Bonds.

SUNNYVALE FINANCING AUTHORITY**Balance Sheet
Governmental Funds
June 30, 2021**

	2009	2020	
	Government Center Certificates of Participation	Civic Center Lease Revenue Bonds	Total
Assets:			
Restricted Cash and Investments Held by City	\$ -	\$ 874,000	\$ 874,000
Restricted Cash and Investments Held by Fiscal Agent	-	144,005,555	144,005,555
Interest Receivable	-	723	723
Lease Receivable	-	5,540,276	5,540,276
Total Assets	<u>\$ -</u>	<u>\$ 150,420,554</u>	<u>\$ 150,420,554</u>
Deferred Inflows of Resources:			
Lease Revenue to be Collected	<u>\$ -</u>	<u>\$ 5,540,276</u>	<u>\$ 5,540,276</u>
Fund Balances:			
Restricted for Debt Service	<u>-</u>	<u>144,880,278</u>	<u>144,880,278</u>
Total Deferred Inflows of Resources and Fund Balances	<u>\$ -</u>	<u>\$ 150,420,554</u>	<u>\$ 150,420,554</u>

See Accompanying Notes to the Basic Financial Statements.

SUNNYVALE FINANCING AUTHORITY

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

Total Fund Balances - Total Governmental Funds	\$ 144,880,278
Amounts reported for governmental activities in the statement of net position are different because:	
Lease receivable reported in the funds are not available to pay for current expenditures and are deferred in the fund financial statements.	5,540,276
Long-term debt is not due and payable in the current period and therefore it is not reported in the governmental fund balance sheet.	(150,420,554)
Interest expense accrual does not require the use of current financial resources and therefore are not reported as payable in the fund financials.	(1,263,856)
Lease revenue on interest accrual are not reported as receivable in the fund financials.	1,263,856
Net Position of Governmental Activities	<u><u>\$ -</u></u>

See Accompanying Notes to the Basic Financial Statements.

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

	2009 Government Center Certificates of Participation	2020 Civic Center Lease Revenue Bonds	Total
Revenues:			
Lease Revenue	\$ 8,504,000	\$ 1,951,956	\$ 10,455,956
Investment Earnings	(542)	2,448	1,906
Total Revenues	8,503,458	1,954,404	10,457,862
Expenditures:			
Intergovernmental Disbursements to the City	-	5,125,840	5,125,840
Debt Service:			
Principal Retirement	9,650,000	-	9,650,000
Interest	4,767	1,951,956	1,956,723
Fiscal Charges	39,311	833,590	872,901
Total Expenditures	9,694,078	7,911,386	17,605,464
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,190,620)	(5,956,982)	(7,147,602)
Other Financing Sources (Uses):			
Bonds Issued	-	131,200,000	131,200,000
Bonds Premium	-	19,637,260	19,637,260
Total Other Financing Sources (Uses)	-	150,837,260	150,837,260
Net Change in Fund Balances	(1,190,620)	144,880,278	143,689,658
Fund Balances - Beginning of Year	1,190,620	-	1,190,620
Fund Balances - End of Year	\$ -	\$ 144,880,278	\$ 144,880,278

See Accompanying Notes to the Basic Financial Statements.

SUNNYVALE FINANCING AUTHORITY

***Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,
and Changes in Fund Balances to the Government-Wide Statement of Activities
Year Ended June 30, 2021***

Net Changes in Fund Balances - Total Governmental Funds	\$ 143,689,658
Amounts reported for governmental activities in the statement of activities are different because:	
Lease revenues reported in the fund financials reflected the timing of collection revenues which are not includable as revenues in the government-wide financials.	(2,919,104)
Repayment of principal on the bonds is reported in the fund financials as expenditures.	9,650,000
Issuance of bonds and premium received are reported in the fund financials as other financing sources.	(150,837,260)
Amortization of bond premium do not require the use of current financial resources and therefore are not reported as expenditures in the fund financials.	416,706
Interest expense accrual does not require the use of current financial resources and therefore are not reported as expenditures in the fund financials.	(1,263,856)
Lease revenue on interest accrual are not reported as revenues in the fund financials.	<u>1,263,856</u>
Change in Net Position of Governmental Activities	<u><u>\$ -</u></u>

See Accompanying Notes to the Basic Financial Statements.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Additionally, the Authority shall have four officers as follows:

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

The City Attorney shall serve as General Counsel to the Authority and the City Clerk shall serve as Secretary. In addition to having the same governing board, the City is financially accountable for the Authority and conducts management activities of the Authority. Though legally a separate entity, the Authority is, in substance, a component unit of the City and is blended into the City’s basic financial statements.

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

B. Basis of Accounting and Measurement Focus

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

Notes to Basic Financial Statements
Year Ended June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Government-Wide Financial Statements

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

The government-wide financial statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, all current and non-current assets and liabilities are included in the statement of net position. The statement of activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Revenues for the Authority includes lease revenues received from the City and investment earnings.

Governmental Funds Financial Statements

Governmental funds financial statements include a balance sheet and a statement of revenues, expenditures and changes in fund balances. An accompanying schedule is presented to reconcile and to explain the differences in fund balances as presented in these statements to the net position presented in the government-wide financial statements.

All governmental funds are accounted for on a spending or "current financial resources" measurement focus and the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheets. The statement of revenues, expenditures and changes in fund balances presents increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. 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. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current period. The primary revenue sources, which have been treated as susceptible to accrual by the Authority, are lease revenues from the City and investment earnings. Expenditures are recorded in the accounting period in which the related fund liability is liquidated.

For the year ended June 30, 2021, the Authority reported the following major governmental funds for the activities of the outstanding debt:

- The 2009 Government Center Certificates of Participation Fund is a debt services fund used to account for the repayment of the principal and interest of the outstanding 2009 Government Center Certificates of Participation (2009 COPs).
- The 2020 Civic Center Lease Revenue Bonds Fund is a debt services fund used to account for the resources accumulated for the repayment of the principal and interest of the 2020 Civic Center Lease Revenue Bonds.

Reconciliation of the fund financial statements to the government-wide financial statements is provided to explain their differences.

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Restricted Cash and Investments Held by City

Restricted cash and investments held by the City represents unspent bond proceeds deposited into the City's Treasury Pool. The City's Treasury Pool investments are stated at fair value. The Authority's investments are stated at fair value. At June 30, 2021, the Authority's restricted cash and investments deposited into the City's Treasury Pool was \$874,000. The City's Treasury Pool has a weighted average to maturity of 2.6 years and is not rated. The Authority's investments in the City's Treasury Pool are exempt from fair value hierarchy disclosure. Additional information regarding credit risk, interest rate risk, custodial credit risk, and concentration of credit risk of the City's Treasury Pool can be found in the notes to the City's basic financial statements.

D. Restricted Cash and Investments Held by Fiscal Agent

Restricted cash and investments held by the fiscal agent include unspent bond proceeds established in accordance with related bond indentures and held in fiscal agent trustee accounts. The Authority's investment options for the funds held by fiscal agent are specified by the trust indenture. The Authority's investments held by fiscal agents are stated at fair value. At June 30, 2021, the Authority's restricted cash and investments held by fiscal agent was comprised of \$144,005,555 of cash equivalent mutual funds/accounts. The cash equivalent mutual funds/accounts has a weighted average to maturity of less than 1 year and is not rated. The Authority's investments held by fiscal agents are exempt from fair value hierarchy disclosure.

E. Net Position and Fund Balance

Restricted net position and fund balance represent external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation. The Authority's fund balances are restricted for debt service purposes. At June 30, 2021, the Authority's net position was \$0.

F. Deferred Inflows of Resources

Deferred inflows of resources represent an acquisition of net position or fund balances that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. On the governmental funds balance sheet, the unavailable lease revenues from the City corresponding to the lease receivable are recorded as deferred inflows of resources since the balances are not current financial resources.

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

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Effects of New Pronouncements

The Authority is currently analyzing its accounting practices to identify the potential impact on the financial statements for the GASB statement 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 Authority's fiscal year ending June 30, 2022.

H. Use of Estimates

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

Notes to Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021**NOTE 2 - LEASE RECEIVABLE**

In accordance with lease agreements between the City and the Authority, debt service is funded with lease payments made by the City to the Authority. The City has covenanted to make payments in amounts corresponding to the Authority's debt service requirements, and to the extent that funds are unspent upon completion of the capital projects, such funds will be used to retire outstanding debt and the lease payments required from the City will be reduced accordingly.

The estimated future lease payments from the City as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ -	\$ 5,055,425
2023	-	5,055,425
2024	2,455,000	5,055,425
2025	2,580,000	4,932,675
2026	2,680,000	4,829,475
2027-2031	15,105,000	22,450,375
2032-2036	18,380,000	19,177,375
2037-2041	22,365,000	15,195,175
2042-2046	27,210,000	10,349,575
2047-2051	33,100,000	4,455,375
2052	7,325,000	183,125
	<u>131,200,000</u>	<u>\$ 96,739,425</u>
Add: Unamortized Premium	19,220,554	
Less: Unspent bond proceeds and others	(144,880,278)	
Lease Receivable at June 30, 2021	<u>\$ 5,540,276</u>	

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

NOTE 3 – LONG-TERM DEBT

Below is a summary of long-term debt activities during the fiscal year ended June 30, 2021:

Description	Beginning Balance, July 1, 2020	Additions	Reductions	Bond Premium Amortization	Ending Balance, June 30, 2021
2009 Government Center					
Certificates of Participation	\$ 9,650,000	\$ -	\$ (9,650,000)	\$ -	\$ -
2020 Civic Center					
Lease Revenue Bonds	-	131,200,000	-	-	131,200,000
Bond Premium	-	19,637,260	-	(416,706)	19,220,554
	<u>\$ 9,650,000</u>	<u>\$ 150,837,260</u>	<u>\$ (9,650,000)</u>	<u>\$ (416,706)</u>	<u>\$ 150,420,554</u>

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

Due in original annual installments of \$470,000-\$1,065,000 through April 1, 2031, 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). Repayments are made from lease payments from the City.

In connection with the issuance of the 2009 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

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.

Notes to Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2021**NOTE 3 – LONG-TERM DEBT, Continued**

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>

Events of Default and Acceleration Clauses

The Authority is considered to be in default if the Authority 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.

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