



Sunnyvale

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023



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, 2023

City of Sunnyvale
456 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

456 West Olive Avenue

Sunnyvale, California 94088

408-730-7600

December 4, 2023

Honorable Mayor, 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, 2023. The City Charter (Section 1318) requires that a licensed Certified Public Accountant conduct an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to City Council. The financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America and audited in accordance with Generally Accepted Auditing Standards (GAAS).

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

While traditionally addressed to the governing body of the City, this report is also intended to provide relevant financial information to the residents of the City of Sunnyvale, City staff, creditors, investors, and other interested readers. We encourage all readers to contact the Department of Finance at finance@sunnyvale.ca.gov with any questions or comments concerning this report.

The City's financial statements have been audited by Maze & Associates (Maze), a firm of Certified Public Accountants licensed to practice in the State of California. 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, 2023, 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, 2023 are fairly presented in accordance with GAAP. This is the most favorable conclusion and also commonly known as "clean" opinion. The independent auditor's report is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements of the City was also part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagement 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. The Single Audit 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, 2023

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

This report is divided into three sections:

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

PROFILE OF THE CITY

Basic Information

The City of Sunnyvale was incorporated on December 24, 1912. The original Charter of the City was prepared in accordance with the provisions of Section 8, Article XI of the Constitution of the State of California and became effective on May 18, 1949. The City operates under a Council-Manager form of government. Policy-making and legislative authority are vested with the City Council. City councilmembers are elected through a district-based electoral system, with a directly elected mayor. Six districts are designated to elect six City councilmembers 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.

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, 2023

PROFILE OF THE CITY, Continued

Component Units

In defining the reporting entity, we have included the City's component units, which are the Sunnyvale Financing Authority (the Authority) and two Community Facilities Districts (CFDs). The Authority is fiscally dependent on the City, where the City Council functions as a separate Board. The two CFDs were formed to provide financing mechanisms for public improvements. One CFD is for the construction of parking facilities, and the second is for storm water collection and treatment facilities. The City's financial role with each District is fiduciary in nature where the 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 Redevelopment Dissolution Countywide Oversight Board of Santa Clara County and the State Department of Finance. The City's role in the RSA is fiduciary in nature. The RSA is reported as a private-purpose trust fund, a type of fiduciary fund.

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

Types of Services

The City provides the full range of municipal services contemplated by its Charter. These include police and fire protection, library services, construction and maintenance of streets, parks, storm drains and other infrastructure, human services, recreational programs and community development activities. The City also operates water, wastewater, and solid waste municipal utilities, as well as a solid waste transfer and materials recovery facility (Smart Station), development, and golf and tennis operations.

Boards and Commissions

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

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

All other Boards and Commissions were established by the authority of the City Council. These are:

- Arts Commission
- Bicycle and Pedestrian Advisory Commission
- Housing and Human Services Commission
- Human Relations Commission
- Sustainability 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, 2023

PROFILE OF THE CITY, Continued

Budget

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

Section 1302 of the City Charter also requires 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. 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 for governmental funds is placed by the City Council at the program level, with adjustments between programs within funds allowed below specified thresholds. For Proprietary Funds and Internal Services Funds budgetary control is at the fund level where expenditures are limited to actual revenues plus the planned appropriation from the Rate Stabilization Reserve Account or the Resource Allocation Plan Reserve Account.

Programs consist of one or more service delivery plans. Personnel costs are budgeted by full time equivalents at the service delivery plan-level. A separate budgetary year-end financial report is prepared each year, which presents details to demonstrate compliance at the legal level of control for the previous fiscal year. The budget process and the governmental funds for which annual budgets are appropriated are described in detail in the Financial Section - Required Supplementary Information portion of this report.

LOCAL ECONOMY

The Bay Area Region, one of the most diverse and resilient regions in the United States (U.S.), continues seeing continued strong economic growth for almost a decade prior to facing significant but temporary economic slowdown mainly due to negative impacts of COVID-19 pandemic (Pandemic), with effects beginning in March 2020. Federal, State, and Local government mandates issued in the past three years to contain the Pandemic crisis affected almost all economic sectors of the region. With the widespread use of vaccinations, COVID-19 impacts have subsided and the national public health emergency was lifted in May 2023. Subsequently, local and state mandates activated since March 2020 were phased out. The region has now gained back most of the jobs lost since the start of the Pandemic. Post-pandemic jobs gains are mostly in leisure and hospitality industries while the high-tech industry experienced slower job growth than prior years. Overall, the region is experiencing the longer-lasting effects of the shift to remote work, high rate of commercial property vacancies, and a high cost of living, housing shortages, and increasing needs for supportive services.

The U.S. government responded to the Pandemic-generated economic crisis by releasing a number of

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2023

LOCAL ECONOMY, Continued

federal stimulus packages, totaling close to five trillion dollars. The second largest economic stimulus package of 1.9 trillion dollars was approved under the American Rescue Plan Act (ARPA) in March 2021.

The Coronavirus State and Local Fiscal Recovery Funds program, a part of the ARPA, provided direct assistance to local and state agencies to combat the public health and economic impacts of the Pandemic and to support their communities, residents and businesses. The City experienced significant revenue losses in Sales Tax and Transient Occupancy Tax (General Fund revenues) in fiscal years 2019/20 and 2020/21. The City's ARPA allocation share was \$28.2 million, which was received in two installments and was used to replace a portion of the lost revenue and was spent in maintaining the City's core services during fiscal year 2021/22.

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 making 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, Facebook, LinkedIn, Intuitive Surgical, Amazon, Lockheed Martin Space Systems, Applied Materials, and Cepheid.

The U.S. economy continues to show resilience and strength despite facing challenges such as ongoing inflationary pressures, interest rate uncertainty, supply chain issues, tight labor market, and international geopolitical issues. As part of the efforts to contain inflation, the Federal Reserve Board (Fed) continued with raising the quarterly benchmark interest rates throughout FY 2022/23.

Sunnyvale, along with its neighboring cities, has experienced consistent increases in real estate property values for the past ten fiscal years. Historic low interest rates, limited supply, and ongoing demand kept market values at record levels year after year. Property Tax revenue did not experience negative impacts during the Pandemic. However, a sharp increase in mortgage rates have caused a decrease in both median home values and property sales, which slows the rise of assessed property valuation. Therefore, while Property Tax revenue is projected to increase in next fiscal year, the growth rate is expected to begin to slow down as compared to prior fiscal years.

Even though the current economic indicators are not showing signs of an immediate and major slowdown, a recession over the next year continues to be a possibility. The revenue sources most vulnerable to economic downturn are Sales Tax, Transient Occupancy Tax, and development-related revenues while utility revenues, Utility User Tax and Business License tax are affected to a lesser extent. City staff will continue to monitor shifting economy trends and volatility.

In summary, the past three years have been challenging for the community and for the City. The City's fiscal situation faces ongoing pressures that requires a prudent strategy to address current and future operational needs and investments in infrastructure. While the underlying financial foundation of the City remains strong, the impacts of the local economic trends and shifts along with significant expenditure pressures continue to require the City to exercise a cautious approach in the long-term. However, the City

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2023

LOCAL ECONOMY, Continued

is well-equipped to deal with the adversity due to its solid fiscal policies, steady leadership and careful financial planning practices.

LONG-TERM FINANCIAL PLANNING

The City Council fiscal policy establishes the framework upon which short and long-term financial decisions are made. It identifies the long-range goals needed for fiscal sustainability and develops strategies necessary to achieve these goals. Sunnyvale uses long-term financial planning to ensure stability 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, the City Council fiscal policy requires a balanced budget for an entire twenty-year planning period. The long-term nature of the City's financial planning system allows decision makers to better understand the true effect of policy decisions and effectively requires that decisions made today allow for resources to be available to provide and maintain 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 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 benefits of multi-year financial planning is the capability to recognize trends over time and begin at an early point to consider the appropriate steps to alter the long-term forecasted position of a particular fund should that become necessary.

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

To address pension funding with a long-term perspective, the Council directed the City Manager to establish a Section 115 Pension Trust (Trust), which was set up in July 2018. The Trust is 1) owned and monitored by the City, 2) managed by a set of separate investment professionals, 3) separate from CalPERS, and 4) expected to provide increased flexibility on use of trust assets as a budget stabilization

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2023

LONG-TERM FINANCIAL PLANNING, Continued

tool. The only option to reduce the City's reported unfunded pension liability is to pre-fund the pension liability with CalPERS. Alternatively, the Trust, under the City discretion, will hold additional funds committed for pension liabilities in excess of the City's annual required contribution to CalPERS. The amount held in Trust as of June 30, 2023 was \$14.5 million. In the FY 2023/24 Adopted Budget, an annual funding commitment of \$1.0 million is budgeted for the next five years. Assets and contributions to the Trust are reported in the Employees Payroll & Benefits Fund, an Internal Service Fund.

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 eleventh year (FY 2033/34) of the twenty-year financial plan in the FY 2023/24 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 the Council. Increasing future years by CPI ensures that this reserve is sufficient for its intended usage but does not set aside more funds than necessary.

A second reserve in the General Fund is the Budget Stabilization Fund. This reserve holds a minimum of 15% of projected revenues for the first two years of the twenty-year financial plan. Beyond year two, the Budget Stabilization Fund must maintain a positive balance. This reserve functions to level economic cycles from year to year. By letting this reserve vary each year, the fund can absorb the cyclical effects of the economy. This reserve grows during periods of economic growth and is drawn down during the low points of economic cycles to maintain stable service levels. Strict policy adherence to the premise of the Budget Stabilization Fund prevents the City from adding services at the top of economic cycle that cannot be sustained, while allowing it to maintain Council-approved service levels during economic downturns.

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2023

RELEVANT FINANCIAL POLICIES, Continued

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

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

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

MAJOR INITIATIVES

The City Council established strategic policy priorities and has revisited them annually to help build the development of the Budget. The following are the list of the priorities the City Council has identified for FY 2023/24:

Civic Center Modernization

The Phase I of the Civic Center Modernization project included the construction of new City Hall and the addition of Public Safety Emergency Operations Center. The City Council awarded the Phase I design and construction contracts in December 2018 and in October 2020, respectively. The construction of the Public Safety Emergency Operations Center addition was finished in September 2022, and the occupancy of the building began soon after. The new City Hall construction was complete in early March 2023, and the City staff moved in to the new building in the same month. New City Hall is a LEED Platinum (certification in process) and Net Zero Energy green building. The vehicles used to finance construction costs of the Phase I include: lease revenue bonds issued in December 2020, one-time revenues available from properties sold in prior years, reserves accumulated for infrastructure improvements, and Park Dedication Fee revenues collected as a result of development projects.

With Phase I nearing completion, work for Phase II is currently underway through a feasibility study, conceptual design, and community outreach process. Phase II will mainly involve the reconstruction or renovation of the Main Library.

Ability of Infrastructure to Support Development and Traffic

As providing well-maintained transportation infrastructure is critical to Sunnyvale residents and local

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2023

MAJOR INITIATIVES, Continued

communities, the City has proactively conducted long-range planning for traffic and transportation needs over several years and remains actively involved in countywide planning efforts. The traffic and transportation projects are mainly funded by Federal grants, local funding such as SB1 Road Maintenance and Repair Act and Measure B, and traditional General Fund, Gas Tax and Vehicle Registration Fee funding. In FY 2023/24, \$48.7 million was budgeted for the traffic and transportation improvement projects, including several projects of on-going pavement rehabilitation and slurry seal, pedestrian lighted crosswalk rehabilitation and replacement, and funding initial feasibility studies and environmental costs of major traffic and transportation improvement projects.

Downtown Sunnyvale

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

Sunnyvale Climate Action Playbook, Active Transportation Plan, and Vision Zero Plan

The Sunnyvale Climate Action Playbook, adopted in 2019, stemmed from the Sunnyvale Climate Action Plan which the City Council adopted in 2014. The Playbook was completed after actively engaging with the community and contains several key strategies and specific actions to reduce greenhouse gas emissions and to reach the State's ambitious 2050 climate target. After achieving a 31% reduction in greenhouse gas emissions from 1990 levels in 2021, the City continues to make strides towards its goal of reaching carbon neutrality by 2050. In the past three years, the City updated the building codes requiring new buildings to be all-electric, began offering electric vehicle programs and installed twelve new electric vehicle (EV) chargers for public use. The construction of new City Hall as net zero building, the installation of solar panels to produce and use green energy at several City buildings, the continuation of electric vehicle purchases for the City use, and installations of new EV chargers at City properties continue to reduce the impact of the City operations on the climate. Moreover, The City budgeted \$1.9 million for green stormwater infrastructure improvements for FY 2023/24. Green infrastructure improvements include bioretention plantings and pervious pavement construction, which are to help reduce pollutants discharged in stormwater to local waterways.

The Active Transportation Plan (ATP) approved in 2020 addresses the need to create a safe, connected and efficient citywide walking and bicycling network as Sunnyvale residents and workers are increasingly interested in bicycling and walking as healthy, safe, and convenient modes of transportation. Therefore, the City continues to seek funding sources and focus on implementing projects which result in making infrastructure and roadway improvements associated with making biking and walking as effective and reliable transportation modes in Sunnyvale. The FY 2023/24 Budget includes the following ATP projects:

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2023

MAJOR INITIATIVES, Continued

\$1.8 million for the Plan update, \$1.6 million for periodic bicycle improvement studies, \$4.1 million for the Evelyn Avenue Multi-use Trail, \$7 million for design and permitting work on the Stevens Creek Trail Extension, and \$2.8 million for the East Channel Trail Study.

The Vision Zero Plan approved in 2019 builds on City's years of investment in transportation safety. As the local economy continues to thrive, addressing traffic safety constantly becomes highly important to ensure that all road users in Sunnyvale – pedestrians, bicyclists, transit users and those with mobility impairments – can travel with comfort and ease. Since 2012, the collision rate has declined by 30 percent, and Sunnyvale now has fewer collisions than 80 percent of cities of comparable size in California. The City continues with its commitment to eliminate preventable traffic fatalities and serious injuries and to work towards an established goal to reduce fatalities and serious injuries on Sunnyvale's streets by fifty percent by 2029. As the City continues to prioritize traffic safety and transportation improvements projects and monitor its progress towards the established goal, the FY 2023/24 Budget includes funding for programs such as bicycle and pedestrian education and encouragement, alternative transportation options for Fremont and Homestead High School students, and a pedestrian collision investigation pilot program,

Equity, Access and Inclusion

The City Council established Equity, Access and Inclusion (EAI) as one of its strategic priorities in 2021. The City is committed to ethical service delivery and to meet the needs of all community members regardless of race, religion, ancestry, ethnicity, ability, and gender identity. All City employees are expected to serve every member of the public with courtesy, respect, professionalism and impartiality. Funding resources are designated to hold series of Sunnyvale Unity public events over the next three fiscal years. Additional funding sources were reserved to conduct an EAI needs assessment analysis, as well as provide staff training to foster a culture of community respect, equity and inclusion and improve access to City services and equitable outcomes for residents. Establishing a Human Relations Commission, holding citywide EAI training and forming the City's Sunnyvale Employees for Equity and Diversity (SEED) team are other City initiatives since 2021. The SEED team has been developing an equity framework and strategic plan, which is expected to guide EAI programs for the coming years.

Unhoused Community Support

One of the City Council's recent strategic policy priorities is to support unhoused residents. The FY 2023/24 Budget begins to address this issue with the addition of a new management position for managing homeless services, as well as an additional \$500,000 in funding to extend the pilot program to provide case management, shelter beds, and encampment cleanups. Over the next fiscal year, the City will recruit for the new manager and begin to evaluate options to expand services for unhoused residents. Additionally, the City partners with several public and nonprofit agencies to help prevent homelessness. These agencies offer services and resources to unhoused residents such as meals, counseling, legal help, basic needs services, employment assistance, and housing subsidies. The City regularly provides financial support for programs and initiative of these agencies.

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2023

RECOGNITION, AWARDS, AND ACKNOWLEDGEMENTS

In January 2023, Sunnyvale took the top spot as the happiest city in America according to the ranking list released by Smart Asset after analyzing the federal data on personal finances, well-being, and quality of life of nation's 165 largest cities for this study. Smart Asset is a financial technology company which publishes articles, guides, reviews and provides tools help people make decisions about personal finance. In February 2023, Sunnyvale ranked at No. 9 in the top 100 safest cities in the U.S. The list was also released by Smart Asset after conducting a nationwide study and data analysis from 200 American cities focusing on five key metrics: violent crime, property crime, vehicular mortality rate, drug poisoning mortality rate and excessive drinking.

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, 2022. This was the thirty-seventh 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, 2023. This was the thirty-fourth 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-three 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; Hema Gajaria and Jenny Chang, Senior Accountants; Luis Cuellar, Bhavana Menghrajani, and Veronica Alberto, Accountants; Matthew Hazel, Senior Accounting Technician; Inderdeep Dhillon, Finance Manager; and

***Chief Finance Officer's Letter of Transmittal, Concluded
Fiscal Year Ended June 30, 2023***

RECOGNITION, AWARDS, AND ACKNOWLEDGEMENTS, Continued

Dennis Jaw, Assistant Director of Finance. I also wish to thank our auditors, Maze and Associates, for their cooperation and assistance.

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

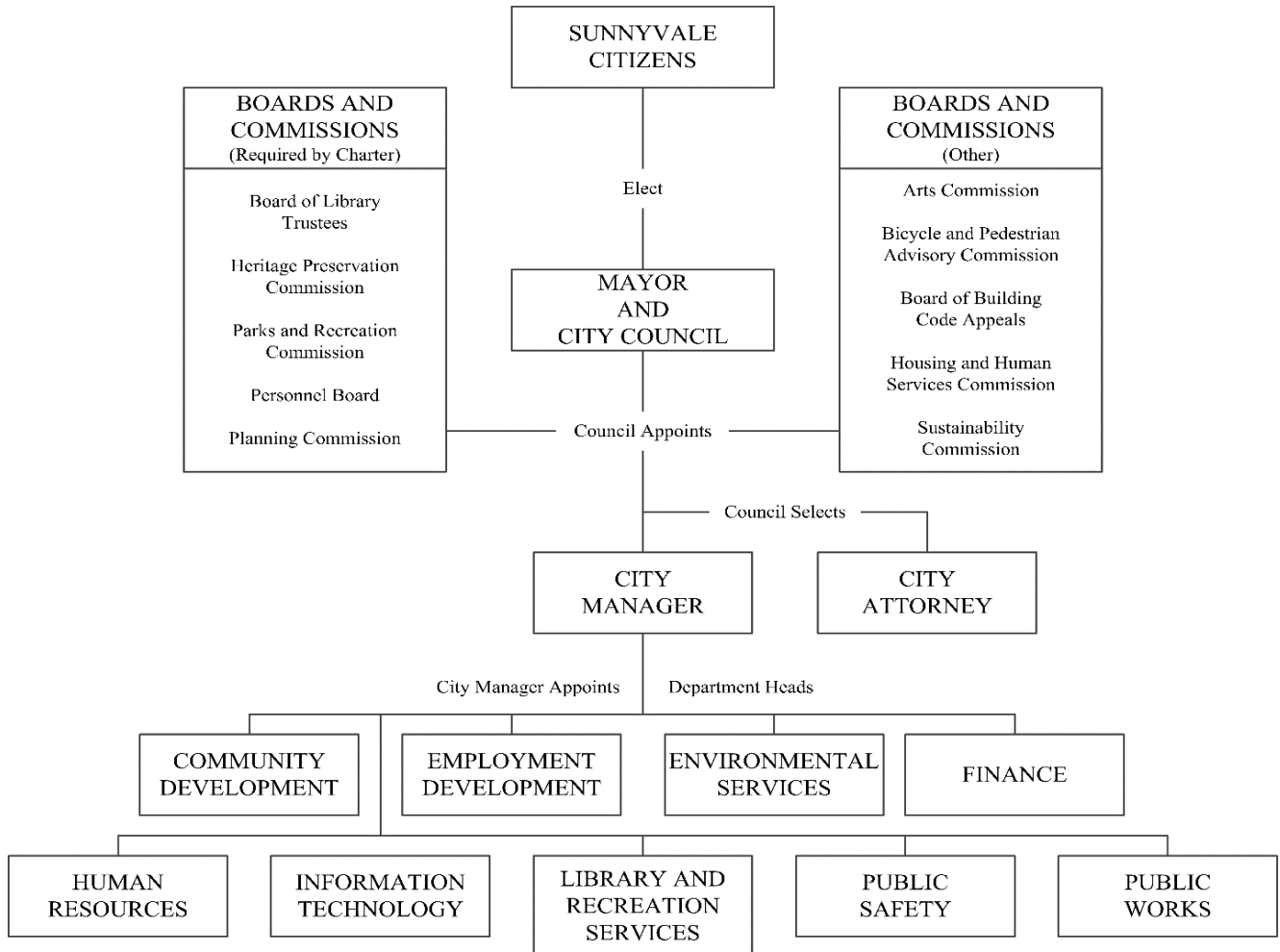
Respectfully submitted,



Timothy J. Kirby
Director of Finance

Organization Chart

Fiscal Year Ended June 30, 2023



Larry Klein
Mayor

Omar Din
Vice-Mayor

Linda Sell
Councilmember

Russ Melton
Councilmember

Murali Srinivasan
Councilmember

Alysa Cisneros
Councilmember

Richard Mehlinger
Councilmember

Kent Steffens
City Manager

Sarah Johnson-Rios
Assistant City Manager

Chip Taylor
Director of Public Works

Kathleen Boutté Foster
Chief Information Officer

Trudi Ryan
Director of Community Development

Timothy J. Kirby
Director of Finance

Tina Murphy
Director of Human Resources

John Nagel
City Attorney

Marlena Sessions
Director of Employment Development

Phan S. Ngo
Director of Public Safety

Ramana Chinnakotla
Director of Environmental Services

Michelle Perera
Director of Library & Recreation Services

Directory of Boards and Commissions
Fiscal Year Ended June 30, 2023

Arts Commission

Eskridge, Dawna
Lam, Winnie
Veith, Agnes
Filley, Kathryn
Kauffman, Molly

Bicycle and Pedestrian Advisory Commission

Bonne, Ulrich (Alex)
Davé, Arwen
Hafeman, Daniel
Oey, Timothy
Mehlman Elizabeth (Leia)
Beagle, Bryce
Liu Sharlene

Board of Building Code Appeals

Jain, Rahul
McNutt, Gregory
Shen, Yonghong
Vacant
Vacant

Board of Library Trustees

Jain, Rahul
Isaak, Mark
Jauttukonda, Meena
Wang, Sharlene

Heritage Preservation Commission

Bratton, Jenny
Caroompas, Steve
Johnson, Sue-Ellen
Patel, Sarosh
Rajkumar, Ashmita
Sharma, Pamela
Hopkins, Dawn

Housing and Human Services Commission

Davis, Jim
Duncan, Scott
Hiremath, Ken
Harrison, Sue
Lei, Helen
Riviere, Leesa
Stetson, Elino

Parks and Recreation Commission

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

Personnel Board

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

Planning Commission

Weiss, Carol
Howard, Daniel
Howe, John
Iglesias, Nathan
Pyne, Martin
Serrone, Michael
Shukla Neela

Sustainability Commission

Kunz, Douglas
Pistone, Kristina
Veitch, Tonya
Besser, Kathryn
Wickham, Kristel
Nabhan, Jeffrey
Makwana, Bobbykin



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sunnyvale
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the 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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Changes in Accounting Principles

Management adopted the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-based Information Technology Arrangements*, which became effective during the year ended June 30, 2023. As a result, the balances of the SBITA liabilities and intangible right-to-use assets were increased by \$4,577,541 as of July 1, 2022. The City restated and increased the balances in that amount, and the net effect on the beginning net position and fund balance was zero. See the SBITA disclosure in Note 1 and Note 12.

The emphasis on this matter does not constitute a modification to our opinions.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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.

Supplementary 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 accompanying Supplementary Information, as listed in the Table of Contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section listed in the Table of Contents, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023, 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.

Maze & Associates

Pleasant Hill, California
December 1, 2023

Management's Discussion and Analysis (Unaudited)

***Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023***

As management of the City of Sunnyvale (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. 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, 2023, the City's total net position was \$1,521.6 million, an increase of \$118.2 million or 8.4% over prior year. This increase was corresponding to the changes in the following financial statement elements: (1) total assets increased by \$147.4 million or 6.7% mostly due to capital asset additions of infrastructure projects of \$101.5 million or 9.0% and; (2) current and other assets increased by \$45.9 million or 4.3% from prior year, primarily due to higher balance of Deposit and Investments Held by City by \$99.1 million, which was offset by the reduction in Deposits and Investments Held by Fiscal Agent by \$56.9 million; (3) total liabilities increased by \$227.4 million or 32.1% mainly due to increases in other Liabilities (current and noncurrent) of \$29.1 million, net pension liability of \$189.5 million, and net OPEB liability by \$8.8 million; (4) deferred outflows increased by \$91.7 million and deferred inflows of resources decreased by \$106.5 million from prior year. Pension and OPEB-related items represented a predominant portion of both deferred outflows and deferred inflows of resources.
- The City's total revenues were \$559.4 million, which were \$79.5 million or 12.4% lower than prior year. Revenue decreases were in Charges for Services of \$44.2 million, Operating Grants and Contributions of \$47.2 million, and Capital Grants and Contributions of \$44.9 million. Program Revenues decreased due to weak construction development activity and slow economic growth rate experienced during the current year in comparison to prior year. However, General Revenues including Property Taxes, Sales and Use Taxes, and Other Taxes were higher by \$6.6 million, \$2.6 million, and \$5.4 million, respectively. General Revenues increased as the local economy remained strong with all types and sizes of corporate businesses resuming full operations, the real estate market continued to show resilience, and higher investment earnings rate of return experienced in the current year. Investment earnings were \$7.8 million in current year due to large cash balances held by the City and higher rates of return. The City's total expenses were \$441.2 million, an increase of \$81.1 million or 22.5% from prior year. Increases in expenses were primarily due to higher pension and OPEB expenses accrued at yearend.
- Total Governmental Activities program and general revenues were \$322.1 million, which was \$74.4 million or 18.8% lower than prior year. Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions were lower by \$27.9 million, \$51.1 million, and \$39.7 million, respectively. These decreases were offset by increases in General tax revenues by \$14.6 million from prior year as the local economy remained strong in the current year. Investment earnings of \$5.6 million also contributed to offset the revenue decreases. Total Business-type Activities program revenues were \$235.1 million, decreased by \$17.6 million or 7.0% from prior year. While Charges for Services and Capital Grants and Contributions had decreases of \$16.3 million and \$5.2 million, Operating Grants and Contributions increased by \$3.9 million. These program revenue decreases were mainly due to a drop in large commercial, income-generated development projects approved during the year.
- Total Net Pension Liabilities and Net Other Post-Employment Benefit (OPEB) liabilities for governmental activities increased by \$161.3 million or 73.3%, and \$6.7 million, or 22.3 %, respectively.

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

A. FINANCIAL HIGHLIGHTS, Continued

The increase in liabilities was mainly due to the depreciation of the of fair value of the Plans' investments in the prior year, resulted in a decrease to the Plan net position as of June 30, 2022, which is factored in calculating respective net pension and net OPEB liabilities reported as of June 30, 2023.

- The City's governmental funds reported a combined fund balance of \$664.9 million, an increase of \$36.9 million or 5.9% from prior year's fund balance of \$628.0 million.
- The General Fund's fund balance was \$169.0 million, an increase of \$1.0 million or .6% from prior year. Property Taxes (\$6.6 million), Sales and Use Taxes (\$2.6 million), Other Taxes (\$4.9 million) were higher than prior year. However, these increases were offset by reductions in Intergovernmental revenues by \$28.5 million because the ARPA revenue of \$28.2 million was recognized during prior year. Investment earnings were \$1.7 million mainly due to higher interest rates in the current year. Net increase to the expenditures (\$19.0 million), and the transfers in reductions (\$9.1 million) were decreases to the fund balance. Additionally, the General Fund made several transfers out to other City Funds in the net amount of \$20.5 million, mainly for subsidies of various activities and capital projects during the current year.
- 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, 2023, the account balance totaled \$14.5 million reported as Deposits and Investments Held with Fiscal Agent or Trustee in the Employee Payroll & Benefits Fund, an Internal Service Fund.
- The City implemented the Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective fiscal year ended June 30, 2023. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. See Note 12 in the Notes to the Basic Financial Statements for details.

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

B. OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves. In addition, reclassifications may have been made to some prior fiscal year balances to conform to the current fiscal year presentation formats.

Government-wide Financial Statements

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

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

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

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

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

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

B. OVERVIEW OF FINANCIAL STATEMENTS, Continued**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

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

Proprietary Funds - The City maintains two types of proprietary funds: enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its Water, Wastewater, Solid Waste, SMaRT Station, Development, and Golf and Tennis operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its General Services, Employee Benefits, and Risk Management operations. Because these internal services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

B. OVERVIEW OF FINANCIAL STATEMENTS, Continued

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

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

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

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes follow the basic financial statements.

Other Information

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

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

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

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 2022/23, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,521.6 million. This was an increase of \$118.2 million or 8.4% from prior year.

The following is the condensed statement of net position for the fiscal years ended June 30, 2023 and 2022

Condensed Statement of Net Position
June 30, 2023 and 2022
(Amounts in Millions)

	Governmental Activities		Business- Type Activities		Total		% Change
	2023	2022	2023	2022	2023	2022	
Assets:							
Current and Other Assets	\$802.8	\$764.0	\$310.2	\$303.1	\$1,113.0	\$1,067.1	4.3%
Capital Assets, Net	860.5	804.2	371.1	325.9	1,231.6	1,130.1	9.0%
Total Assets	1,663.3	1,568.2	681.3	629.0	2,344.6	2,197.2	6.7%
Deferred Outflows of Resources	128.6	54.3	28.2	10.8	156.8	65.1	140.9 %
Liabilities:							
Other Liabilities	59.0	53.4	40.8	31.0	99.8	84.4	18.2%
Noncurrent Liabilities	174.8	174.3	169.3	156.1	344.1	330.4	4.1 %
Net Pension Liability	381.3	220.0	65.0	36.8	446.3	256.8	73.8 %
Net OPEB Liability	36.8	30.1	8.5	6.4	45.3	36.5	24.1 %
Total Liabilities	651.9	477.8	283.6	230.3	935.5	708.1	32.1 %
Deferred Inflows of Resources	33.0	126.1	11.3	24.7	44.3	150.8	-70.6%
Net Position:							
Net Investments in Capital Assets	711.9	682.0	207.3	175.0	919.2	857.0	7.3%
Restricted	422.5	374.7	6.6	5.3	429.1	380.0	12.9%
Unrestricted	(27.4)	(38.1)	200.7	204.5	173.3	166.4	4.1 %
Total Net Position	<u>\$ 1,107.0</u>	<u>\$ 1,018.6</u>	<u>\$ 414.6</u>	<u>\$ 384.8</u>	<u>\$ 1,521.6</u>	<u>\$ 1,403.4</u>	8.4%

***Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023***

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

At June 30, 2023, the largest portion of the City's net position (\$919.2 million or 60.4%) reflects the City's net investment in capital assets. This component consists of capital and subscription assets, net of accumulated depreciation and amortization, 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 (\$429.1 million or 28.2%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position is \$173.3 million, which includes a deficit of \$27.4 million in governmental activities and a surplus of \$200.7 million in business-type activities.

Under GASB Statements No. 68 and No. 75, the annual pension/OPEB expense reported in FY 2022/23 is the change in net pension/OPEB liability from the previous year (measured as of June 30, 2021) to the current year (measured as of June 30, 2022), along with changes in pension- and OPEB-related deferred outflows and inflows of resources.

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

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

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

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Analysis of Changes in Net Position

Condensed Statement of Changes in Net Position

Years Ended June 30, 2023 and 2022

(Amounts in Millions)

	Governmental Activities		Business-Type Activities		Total		%
	2023	2022	2023	2022	2023	2022	Change
Revenues:							
Program Revenues:							
Charges for Services	\$ 67.8	\$ 95.7	231.2	247.5	\$ 299.0	\$ 343.2	(12.9)%
Operating Grants and Contributions	16.0	67.1	3.9	-	19.9	67.1	(70.3)%
Capital Grants and Contributions	31.5	71.2	-	5.2	31.5	76.4	(58.8)%
Total Program Revenues	115.3	234.0	235.1	252.7	350.4	486.7	(28.0)%
General Revenues:							
Property Taxes	120.1	113.5	-	-	120.1	113.5	5.8 %
Sales and Use Taxes	38.4	35.8	-	-	38.4	35.8	7.3 %
Other Taxes	42.4	37.0	-	-	42.4	37.0	14.6 %
Investment Earnings	5.6	(24.3)	2.2	(10.3)	7.8	(34.6)	(122.5)%
Interest on Advances to Business-Type	0.3	0.5	-	-	0.3	0.5	-
Total General Revenues	206.8	162.5	2.2	(10.3)	209.0	152.2	37.3 %
Total Revenues	322.1	396.5	237.3	242.4	559.4	638.9	(12.4)%
Expenses:							
Planning and Management	23.3	18.3	-	-	23.3	18.3	27.3 %
Public Safety	115.0	86.3	-	-	115.0	86.3	33.3 %
Community Development	8.7	10.3	-	-	8.7	10.3	(15.5)%
Public Works	48.3	35.3	-	-	48.3	35.3	36.8 %
Environmental Services	3.6	2.5	-	-	3.6	2.5	44.0 %
Library & Recreation Services	23.6	20.5	-	-	23.6	20.5	15.1 %
NOVA Workforce Services	8.8	5.9	-	-	8.8	5.9	49.2 %
Water Supply and Distribution	-	-	54.3	50.1	54.3	50.1	8.4 %
Wastewater Management	-	-	41.3	32.3	41.3	32.3	27.9 %
Solid Waste Management	-	-	57.4	49.5	57.4	49.5	16.0 %
SMaRT Station	-	-	27.7	26.2	27.7	26.2	5.7 %
Development	-	-	19.1	13.7	19.1	13.7	39.4 %
Golf and Tennis Operations	-	-	5.5	4.7	5.5	4.7	17.0 %
Interest on Long-term Debt	4.6	4.5	-	-	4.6	4.5	-
Total Expenses	235.9	183.6	205.3	176.5	441.2	360.1	22.5 %
Increase in Net Position before							
Transfers	86.2	212.9	32.0	65.9	118.2	278.8	(57.6)%
Transfers	2.2	3.1	(2.2)	(3.1)	-	-	-
Increase in Net Position	88.4	216.0	29.8	62.8	118.2	278.8	(57.6)%
Net Position - Beginning of Year	1,018.6	802.6	384.8	322.0	1,403.4	1,124.6	24.8 %
Net Position - Ending of Year	\$ 1,107.0	\$ 1,018.6	\$ 414.6	\$ 384.8	\$ 1,521.6	\$ 1,403.4	8.4 %

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

Current year transactions resulted in an increase of \$88.4 million in net position from prior year. The key elements of this change were as follows:

Revenue Highlights:

- Total revenues before transfers were \$322.1 million, which was \$74.4 million lower than prior year. Program revenues and General tax revenue collections totaled \$115.3 million and \$200.9 million, respectively. While General tax revenues increased by \$14.6 million from prior year, program revenues decreased by \$118.7 million. Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions decreased by \$27.9 million, \$51.1 million, and \$39.7 million, respectively. Investment earnings of \$5.6 million helped offset these decreases.
- Charges for Services for governmental activities were lower by \$27.9 million from prior year primarily due to slowdown in commercial, rental and housing construction projects. Particularly, housing and traffic mitigation fees and developers contributions experienced significant decreases due to a drop in large multiunit nonresidential construction projects from prior year.
- Operating Grants and Contributions were lower by \$51.1 million than prior year as both installments of ARPA funds revenues of \$28.2 million were recognized in prior year.
- Capital Grants and Contributions decreased by \$39.7 million over the prior year, primarily due to one-time park land asset donations of \$48.2 million in the prior year. Park asset donations are not expected to recur on a year over year basis.
- Total property tax revenues were higher by \$6.6 million or 5.8% than prior year. The growth in this revenue source was due to continued increases in assessed value of commercial and residential real estate properties. This is the eleventh consecutive year of property tax revenue growth.
- Sales and use tax revenue was higher by \$2.6 million or 7.3% than prior year. The increase was due to rising costs of durable and non-durable goods, and cost of services, which is prevalent in an inflationary environment.
- Other tax revenues increased by \$5.4 million or 14.6% from prior year. TOT tax revenue had the largest increase of \$6.4 million mainly due to higher hotel and short-term rental occupancy rates than prior year because corporate and local travels resumed as the travel restrictions were phased out. Construction and real property transfer transactions were lower by \$3.2 million due to drop in construction activity and high mortgage rates, resulting in fewer real estate property exchanges in the current year. Utilities Users Taxes increased by \$1.8 million mainly due to elevated energy (electric and gas) costs; however, Franchise Fees and Business License Tax revenues were mostly consistent in comparison to prior year.

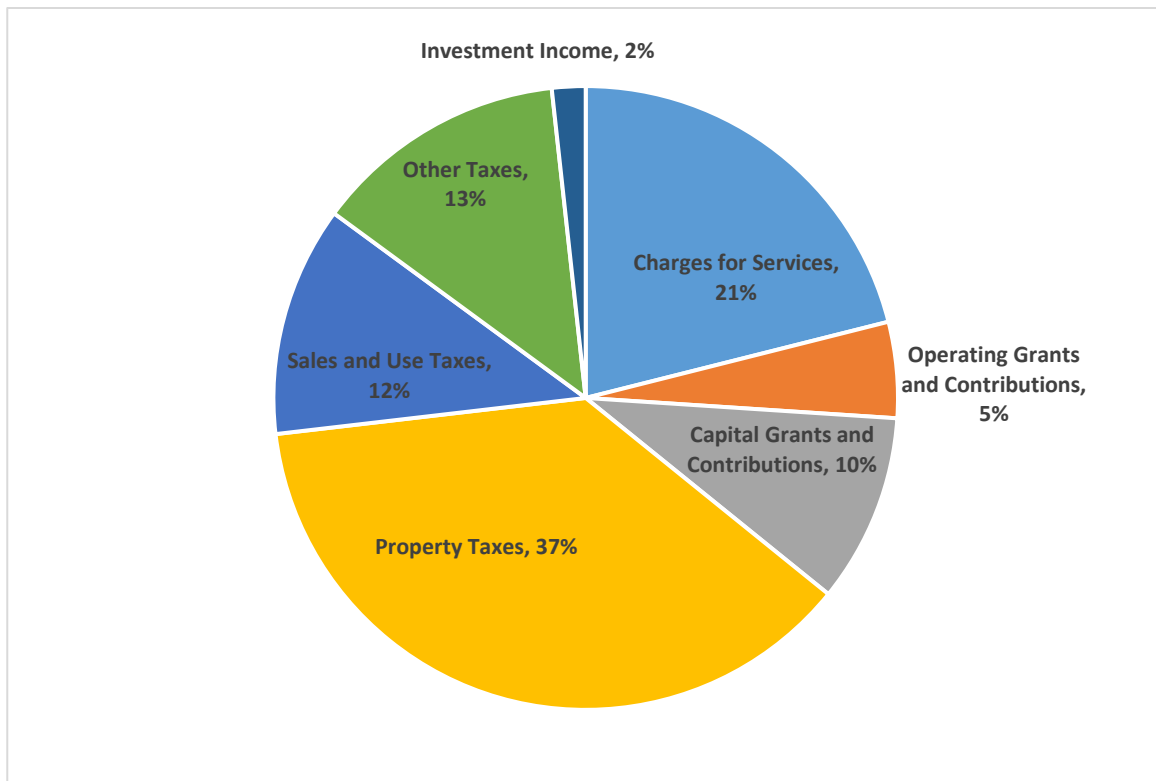
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

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

	Total Other Tax Revenues		% Change
	2023	2022	2023-2022
Transient Occupancy Taxes (TOT)	\$ 17.0	\$ 10.6	60.4 %
Utility Users Taxes	10.4	8.6	20.9 %
Construction & Real Property Transfers	5.3	8.5	(37.6)%
Franchise Fees (based on gross receipts)	7.7	7.2	6.9 %
Business License Taxes	2.0	2.1	(4.8)%
Total	<u>\$ 42.4</u>	<u>\$ 37.0</u>	14.6 %

Governmental Activities
Revenues by Source
June 30, 2023



Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expense Highlights

Functional expenses for the years ended June 30, 2023 and 2022 were as follows (amounts in millions):

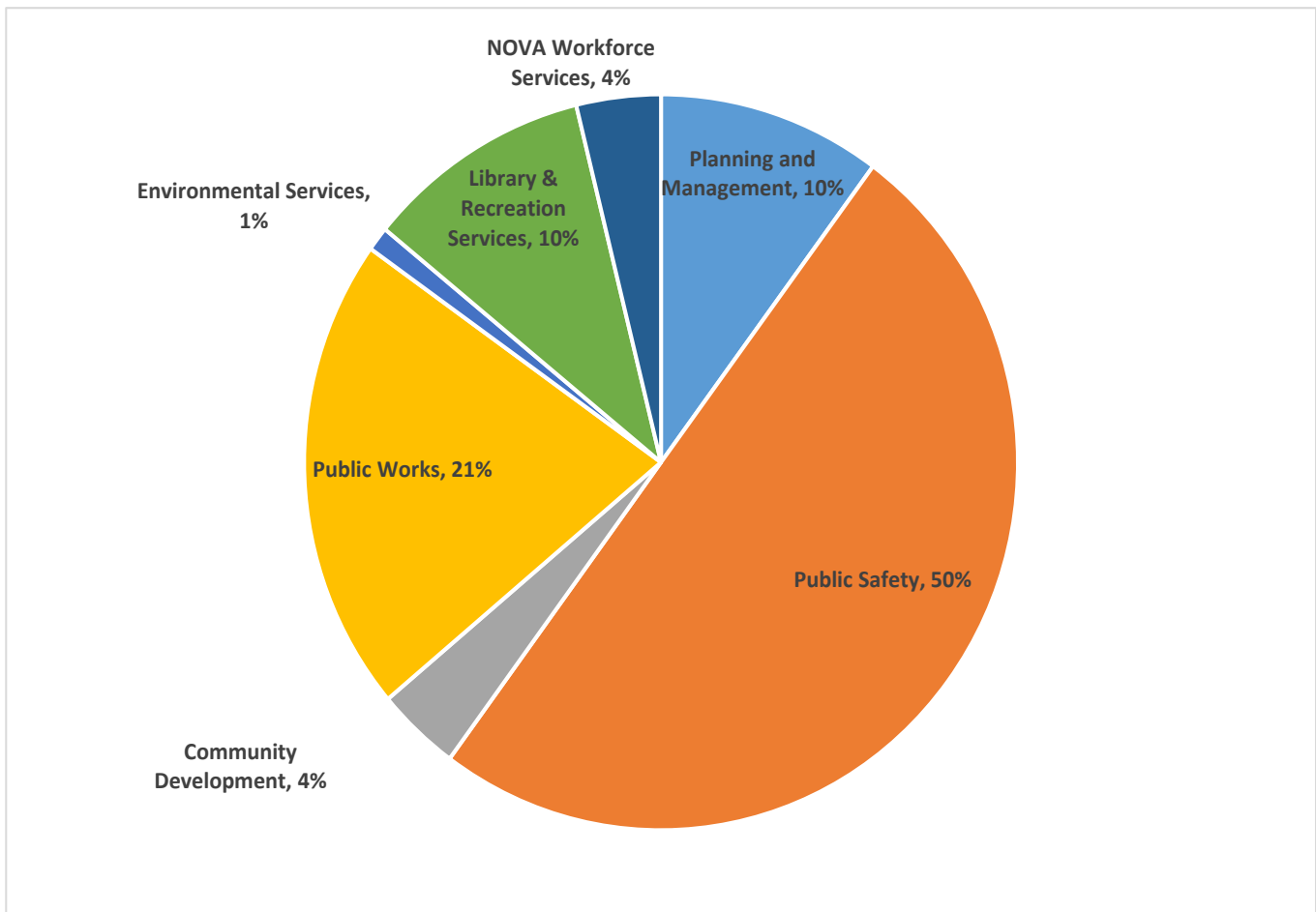
	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2023	2022	2023-2022	2023	2022	2023-2022
Planning and Management	\$ 23.3	\$ 18.3	27.3 %	\$ 21.6	\$ 16.5	30.9 %
Public Safety	115.0	86.3	33.3 %	109.7	52.7	108.2 %
Community Development	8.7	10.3	(15.5)%	(46.7)	(82.0)	(43.0)%
Public Works	48.3	35.3	36.8 %	11.0	(57.4)	(119.2)%
Environmental Services	3.6	2.5	44.0 %	3.5	2.5	40.0 %
Library & Recreation Services	23.6	20.5	15.1 %	17.2	15.4	11.7 %
NOVA Workforce Services	8.8	5.9	49.2 %	(0.3)	(2.6)	(88.5)%
Total	<u>\$ 231.3</u>	<u>\$ 179.1</u>	29.1 %	<u>\$ 116.0</u>	<u>\$ (54.9)</u>	(311.3)%

- The functional expenses presented in the preceding table consist of depreciation, uncapitalized operating expenses and capital outlay, the allocated effect of consolidating internal service fund activities, the recognition of the changes in net pension liability and net OPEB liability and the amortization of pension- and OPEB-related deferred outflows and inflows of resources.
- Expense for governmental activities (excluding interest on long-term debt) was \$231.3 million, which was \$52.2 million or 29.1% lower than prior year. The decrease was mainly due to lower capital outlay expenditure from prior year, during which the construction of the new Civic Center was in full progress.
- Public Safety costs were higher by \$28.7 million or 33.3% mainly due to increases in salaries, pension, and OPEB expenses for the year.
- Community Development expenses were lower by \$1.6 million or 15.5%, mainly due to slow down in construction projects activities from prior year.
- NOVA Workforce Services expenses were higher by \$2.9 million or 49.2% from prior year, primarily due to higher program costs which included increases in staff salary and benefit costs and client participant training costs during the current year.

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

**Governmental Activities
Expenses by Department
June 30, 2023**



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

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business Type Activities

		<u>Program Revenues</u>		<u>% Change</u>	<u>Program Expenses</u>		<u>% Change</u>
		(amounts in millions)			(amounts in millions)		
		<u>2023</u>	<u>2022</u>	<u>2023-2022</u>	<u>2023</u>	<u>2022</u>	<u>2023-2022</u>
Business-Type Activities:							
Water Supply & Distribution		\$ 60.1	\$ 70.7	(15.0)%	\$ 54.3	\$ 50.1	8.4 %
Wastewater Management		61.4	72.0	(14.7)%	41.3	32.3	27.9 %
Solid Waste Management		57.5	54.1	6.3 %	57.4	49.5	16.0 %
SMaRT Station		29.0	27.0	7.4 %	27.7	26.2	5.7 %
Development		22.1	23.9	(7.5)%	19.1	13.7	39.4 %
Golf and Tennis Operations		<u>5.0</u>	<u>5.0</u>	-	<u>5.5</u>	<u>4.7</u>	17.0 %
Total	Total	<u>\$ 235.1</u>	<u>\$ 252.7</u>	(7.0)%	<u>\$ 205.3</u>	<u>\$ 176.5</u>	16.3 %

Revenue Highlights:

- Total program revenues in business-type activities decreased by \$17.6 million or 7.0% from prior year. Water, Wastewater, and Development services experienced revenue decreases totaling to \$23.0 million in comparison to prior year. The Water and Wastewater operating revenues decreased primarily due to drop in water and sewer connections fees, resulted from a slowdown in large sized multiple-unit housing construction projects in comparison to prior year. Solid waste and SMaRT Station program revenue increased by \$5.4 million, which helped offset the preceding decrease.
- Water, wastewater, and solid waste services rates increased by 3%, 3%, and 5.0% respectively during the current year. Water and wastewater rate increases were necessary to fund increased prices of the wholesale water, rising costs of operations, and to cover infrastructure replacements and improvements, which are in progress and will continue into future years. Solid waste rates increased mainly to meet state regulations for recycling.
- Water Supply & Distribution revenue was decreased by \$10.6 million or 15.0% mainly due to lower collections of water connection fees than prior year. Wastewater Management revenue was also lower by \$10.6 million or 14.7%, which was primarily due to a decrease in sewer connection fees collections in comparison to prior year.
- Solid Waste Management revenue was higher by \$3.4 million or 6.3% than prior year as the service rate increase effective in FY 2022/23 contributed to the revenue increase. SMaRT Station revenue also increased by \$2.0 million or 7.4% mainly due to a state grant of \$1.2 million, received to comply with continued recycling requirements.
- Development revenue had a decrease of \$1.8 million or 7.5% in comparison to prior year. Construction activity was not as strong as it was in prior year, during which several construction projects were approved and the local economy recovered at a higher pace after the Pandemic related economic slowdown. Consequently, building permits and permit application fees collections were lower than prior year.

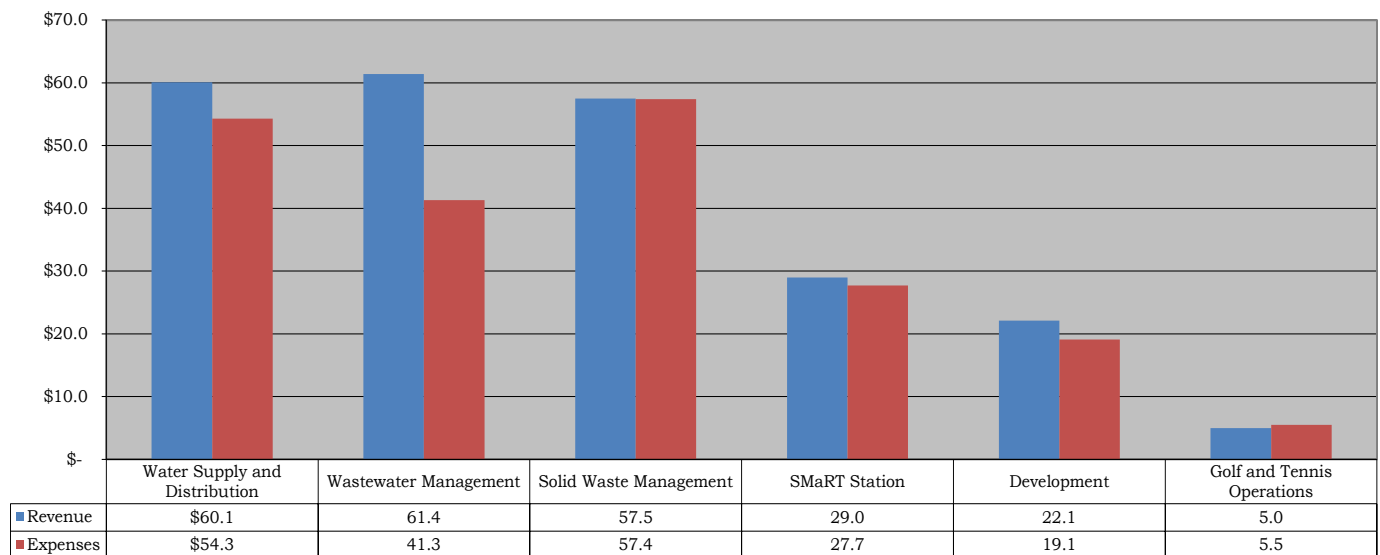
Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expense Highlights:

- Total business-type activities expenses increased by \$28.8 million or 16.3% over prior year. In aggregate, Water Supply & Distribution, Wastewater Management, SMaRT Station, Development, and Golf and Tennis Operations Funds had higher expenses in comparison to prior year. Total personnel and contractual services were higher by \$10.9 million and \$10.5 million than prior year. Personnel services for all programs were higher mainly due to increased salaries, benefits, pension, and OPEB expenses for the year. Contractual services increases were due to higher costs of hauling, transporting, disposing solid waste, and dropping recycled materials. This was mainly due to new contract agreements negotiated with vendors that included higher pricing structure for solid waste services and SMaRT Station operations.
- Wastewater Management had higher personnel services and contractual services expenses of \$3.2 million and \$4.3 million. Personnel services were mainly higher due to increased salaries, pension, and OPEB expenses for the year. Contractual services increased due to higher engineering consulting costs as several wastewater treatment facility reconstruction projects continued in the current year as well as due to a legal claim settlement with a contractor. Solid Waste Management experienced an increase of \$7.9 million program service costs. The program expense was higher than prior year mainly due to increased contractual services costs incurred to haul, transfer and disposal of solid waste, and higher state regulation compliance costs to increase organic recycling.

Business-Type Activities
Program Revenues and Expenses (amounts in millions)
June 30, 2023



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

***Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023***

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, 2023, the City's governmental funds reported a combined fund balance of \$664.9 million, an increase of \$36.9 million or 5.9% from prior year. Approximately \$95.1 million or 14.3% of the combined fund balance constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$4.6 million), of which legally required to be maintained intact (\$1.6 million); 2) restricted for particular purposes (\$404.7 million); 3) committed for particular purposes (\$67.5 million); or 4) assigned for particular purposes (\$93.0 million).

Total revenues decreased by \$26.6 million or 7.8% from prior year. Intergovernmental revenue decreased by \$22.6 million as both installments of ARPA revenue of \$28.2 million were recognized in prior year. A net decrease to Service fees was \$43.9 million from prior year. Housing mitigation fees, traffic impact and mitigation service fees decreased by \$46.2 million and \$23.9 million mainly due to drop in commercial and residential construction development projects during the current year. These decreases were offset by the increase of \$25.7 million of Park Dedication service fees over prior year. Additionally, Property Taxes (\$6.6 million), Sales and Use Taxes (\$2.6 million) Other Taxes (\$4.9 million) were higher from prior year.

Total governmental funds expenditures were decreased by \$62.6 million from prior year. Capital outlay expenditures had the largest decrease of \$77.3 million as the Civic Center modernization project neared completion. A net increase to the departmental expenditures was \$14.6 million mainly due to higher salaries and benefits costs, of which Public Safety had the largest increase of \$11.1 million due to higher salary, benefits, overtime, and recruitment training costs.

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 \$169.0 million, of which \$95.8 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 \$201.0 million. Unassigned fund balance represented 47.7% and total fund balance represented 84.1% 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
Fiscal Year Ended June 30, 2023***

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

The General Fund's fund balance increased by \$1.0 million at the end the fiscal year. Revenues exceeded expenditures by \$21.5 million. Transfers to other funds were \$27.1 million, compared to transfers of \$6.6 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 \$222.4 million, which was a decrease of \$4.7 million over prior year. Property Taxes, Sales and Use Taxes, and Other Taxes increased by \$6.6 million, \$2.6 million, and \$4.9 million, respectively. Higher assessment values contributed to the increase in Property Taxes collections. Sales Tax and Use taxes allocations increased as the local businesses became fully operable after the Pandemic related local and state mandates were lifted. In addition, several commercial and residential projects in downtown Sunnyvale or nearby were complete and operable during the current year, which contributed to generating higher sales tax transactions within the jurisdiction. Other Taxes were higher mainly due to large increase in transient occupancy tax as corporate/business travel activity continued to improve compared to prior year. Investment earnings were \$1.7 million due to high interest rates. These increases were offset by a decrease in the Intergovernmental Revenues of \$28.5 million, which was mainly due to the recognition of ARPA revenue of \$28.2 million in the prior year. Refer to the revenue highlights in the preceding section about government-wide analysis for additional details.

Total General Fund expenditures were \$201.0 million, which was \$19.0 million higher than prior year. Public Safety Services had the highest expenditure increase of \$11.1 million primarily due to higher pay rates, education incentive programs, and overtime incurred to backfill vacant positions due to vacancies and medical reasons. In addition, a robust recruitment process was in progress during the year and on-the job staff training costs were higher in comparison to prior year.

Planning & Management and Public Works expenditures were higher in total by \$4.2 million mainly due to increased salaries, benefits, and utilities costs from prior year. Library & Rec Services increased by \$1.3 million from prior year primarily due to increased salaries and benefits costs as well as due to hiring seasonal and temporary staffing for recreational activities and library summer programs. Capital outlay expenditures were higher by \$3.3 million, which was mainly due to office furniture, workstations and equipment purchased for the new City Hall. These increases were offset by the decrease of expenditures of Community Development by \$1.4 million as prior year expenditures included a onetime payment of \$1.5 million to the Sunnyvale Community Services. Total transfers out were \$27.1 million, of which \$19.0 million transferred to the Infrastructure Renovation and Replacement Fund for the replacement of the Fire Station 2, \$4.0 million to the Civic Center Lease Revenue Bonds Fund for the debt service payment, and \$1.8 million to the Golf Fund for the operational subsidy.

Housing Special Revenue Fund

The Housing Special Revenue Fund is used to account for housing mitigation 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 \$3.3 million. Total revenue and total

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

expenditures were \$2.4 million and \$1.5 million, respectively. Revenue decreased by \$42.5 million from prior year. The housing mitigation fees are paid by developers of new employment-generating projects such as office, industrial, hotel, and retail space and new market-rate rental housing projects. The revenue reduction was mainly due to a significant drop in such type of new developments during the year primarily due to 1) higher lending rates and rising construction material costs; 2) slow economic growth experienced from prior year. In addition, the housing mitigation fee can vary year over year as their payments are based on specific milestones of each development. The Fund received a transfer of \$2.5 million from the Low and Moderate Income Housing Asset Fund for pre-development costs of affordable housing sites.

Park Dedication Special Revenue Fund

The Park Dedication Fund accounts for funds that developers contribute towards the acquisition, construction, or renovation of neighborhood parks. Fund balance increased by \$35.1 million. Total revenue was \$48.2 million, which was an increase of \$29.6 million from prior year. The revenue was higher due to an increase in residential housing related construction projects. The Fund had capital outlay expenditures of \$9.8 million, including \$8.3 million parks-related construction costs for the new Civic Center and \$1.5 million for renovation and enhancements of Sunnyvale Community Center grounds, Fair Oaks Park, and Lakewood Park. Transfers to other City funds for park-related projects amounted to \$3.3 million. The transferred funds are to cover expenditures of several projects associated with renovation, rehabilitation, and improvements of the City parks facilities.

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

City Projects Capital Projects Fund

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

The City Projects Capital Project Fund had an increase in its fund balance of \$7.5 million. The Fund intergovernmental revenue and investment earnings increased by \$3.9 million and \$4.3 million respectively due to federal and state transportation improvement projects grants revenue and higher interest rates. However, the service fee revenue decreased by \$23.9 million mainly from lower collection of transportation impact fees and developer contributions than prior year, during which several large construction development projects were approved. The Fund had capital outlay expenditures of \$8.2 million, which included Fair Oaks Avenue Overhead Bridge repair and improvements of \$3.0 million and traffic signal upgrades, advanced accident detection zones for traffic safety improvements, and several other sidewalks and bike lanes improvement projects totaling over \$5.2 million.

Infrastructure Renovation and Replacement Capital Projects Fund

The Infrastructure Renovation and Replacement Capital Projects Fund accounts for projects related to the City's Long-Range Infrastructure Plan for the renovation and replacement of existing general capital assets. Fund balance increased by \$16.2 million when compared to prior year. Capital outlay expenditures were \$5.5 million,

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

which was \$9.4 million lower than prior year. Lower capital outlay expenditure was mainly due to the Civic Center Modernization project nearing completion, which was one of the major capital projects in prior year. The General Fund transferred of \$19.0 million to the fund to replace the Fire Station 2. The fund balance is assigned for various planned infrastructure projects per the City's 20-year Financial Plan.

Civic Center Capital Project Fund

The Civic Center Capital Project fund accounts for 2020 lease revenue bond proceeds being spent on the Civic Center Modernization Project. The fund balance decreased to \$1.1 million from prior year fund balance of \$27.6 million. Capital outlay expenditures were \$26.3 million, which were exclusively spent on the construction of the new Civic Center and the Office of Emergency Operations 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 greater detail. The major factors concerning these funds are addressed in the government-wide financial analysis of business-type activities.

Water Supply and Distribution Enterprise Fund

The Water Supply and Distribution Enterprise Fund's net position increased by \$6.2 million as operating revenues exceeded operating expenses by \$5.0 million. Non-cash capital contributions of \$2.3 million were offset by transfers of \$1.2 million. Charges for services decreased by \$10.1 million or 14.8%, in comparison to prior year mainly due to drop in water connection fees, caused by a slowdown in large multiunit residential and commercial construction projects activity. Operating expenses increased by \$3.6 million over prior year. Personnel costs were higher by \$1.4 million due to increased pension and OPEB expenses. Material and supplies and equipment and building rental costs increased by \$.9 million due to inflationary environment. Water purchased for resale costs were higher by \$1.6 million due to increases in wholesale water prices and higher water consumption from prior year.

Wastewater Management Enterprise Fund

The Wastewater Management Enterprise Fund's net position increased by \$19.9 million from prior year as operating revenues exceeded operating expenses by \$21.7 million. Operating revenue was lower by \$9.9 million mainly due to decreased sewer connection fees in comparison to prior year, during which several large multiunit housing and commercial building construction projects were approved. Operating expenses were higher by \$9.3 million than prior year. Personnel services were higher by \$3.2 million mainly due to increases in salary, benefits, pension and OPEB expense for the year. Both Contractual services and material and supplies costs rose by \$4.3 million and \$1.2 million. These increases were mainly due to rising costs of materials and supplies and general increases in cost of services and also included a legal claim settlement payment for a capital project. The interest expense mainly for long term bonded debt and loans was \$2.9 million. The fund's net income before contributions and transfers was \$19.8 million. Non-cash capital contributions were \$1.6 million while \$1.5 million was transferred out for facility and project support. Capital improvements to the City's aging wastewater treatment plant and collection system were funded by increased service fee rate revenues and low-cost federal and state loan programs.

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

Solid Waste Management Enterprise Fund

The Solid Waste Management Enterprise Fund's net position decreased by \$1.2 million over prior year. Service revenue increased by \$3.3 million from prior year mainly due to 5% fee rates increase effective in the current year and increases in other fee revenues. Operating expenses were higher by \$8.1 million than prior year. The operating expenses increases were caused by higher contractual service costs of \$3.8 million, taxes and licenses costs of \$2.4 million, and administrative costs of \$1.6 million. Contractual services, which mainly consisted of costs of hauling and disposing of solid waste were higher due to new services implemented to comply with State mandates for organic recycling, thereby increasing disposal and processing costs. Administrative services were higher due to increased salaries, pension, and OPEB expenses. The Fund's net income before contributions and transfers was \$.3 million, which was lower by \$3.7 million from prior year. \$1.5 million was transferred out for facility and project support. At year end, advances from the General Fund was \$3.0 million and landfill liability was \$7.4 million.

SMaRT Station Enterprise Fund

The SMaRT Station Enterprise Fund's net position increased by \$1.3 million from prior year. The operating revenues and expenses were respectively higher by \$2.1 million and \$1.5 million than prior year. Contractual costs were higher by \$2.4 million from prior year primarily due to increases in operator contracting costs and disposal costs. Taxes and licenses costs were lower by \$1.4 million in comparison to prior year, mainly due to a decrease in landfill drop rate per ton negotiated with a new disposal landfill agreement and reduced quantity of tons dropped at the landfill because one of the two cities discontinued participating in the program.

Development Enterprise Fund

The Development Enterprise Fund's net position increased to \$46.1 million from \$43.9 million in prior year. The fund's operating revenues and expenses amounted to \$22.1 million and \$19.2 million. Operating revenues decreased by \$1.8 million and the operating expenses were higher by \$5.4 million from prior year. Operating revenues were lower due to a slowdown in development activities than prior year when several commercial development and multiple dwelling units projects resumed. Personnel services contributed to the expenses increases by \$4.8 million mainly due to higher salaries, pension, and OPEB expenses for the year.

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

Golf and Tennis Operations Enterprise Fund

The Golf and Tennis Enterprise Fund's net position increased by \$1.2 million from prior year. The fund's net loss before transfers was \$.5 million. The fund's operating expense increased by \$.8 million from prior year which was mainly due to higher operational costs, in particular staffing, contractual, and supplies costs. The operating revenue was slightly lower than prior year as the Pandemic related restrictions were lifted in 2023 and alternative activities became available. Transfers of \$1.8 million from the General Fund supplemented the operational expenses.

***Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023***

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

Fiduciary Funds

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

- The Other Postemployment Benefit Trust Fund maintains fiduciary funds for the assets of the City's Retiree Healthcare Plan, which had an increase of \$14.0 million in net position. The City made a direct contribution of \$3.1 million to the Plan. The net appreciation of value of investments was \$7.4 million due to increases in national and global markets.
- The Private-Purpose Trust Funds primarily account for the Redevelopment Successor Agency (RSA), which had a deficit net position of \$13.0 million as of June 30, 2023, compared with a deficit position of \$12.1 million at June 30, 2022.

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 FY 2022/23 were \$283.5 million, an increase of \$64.2 million from the original appropriations of \$219.3 million when prior year carryover is included. This increase reflects net changes to appropriations associated with adjustments during the FY 2023/24 budget development process, appropriation modifications, and carryovers. Variations between the original and final amended appropriations are explained in the Required Supplementary Information. Actual charges to appropriations (outflows) for the current year were \$21.7 million over the original budget and \$42.5 million under the final budget. Actual cost savings in operating programs were \$4.8 million and project and equipment appropriations (including transfers) contributed \$37.7 million to the positive variance. Approximately \$33.1 million in appropriations will not lapse at the end of the fiscal year as projects continue.

Resources (inflows) available for appropriations were \$13.0 million over the original budget when proceeds of property sale, transfers, and interfund revenues are excluded. Actual revenue was \$13.1 million over the final budgeted amounts. During the FY 2023/24 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 receipts for Sales Taxes and TOT taxes, (included in Other Taxes). Both of these sources showed strong returns when compared against the original budget – Sales and Use Taxes exceeded its original budget by \$8.5 million and TOT by \$5.1 million.

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

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, 2023, the City reported capital assets with carrying value of \$860.5 million under governmental activities and \$371.1 million under business-type activities.

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

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

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued

The City policy is to achieve a Pavement Condition Index (PCI) rating of 75 or over for all streets. This rating represents a "Good" or better condition based on a regional measurement scale. While City policy is to achieve a PCI of at least 75, funding for rehabilitation and maintenance of City streets was increased starting the FY 2012 in an effort to achieve a PCI of 80 or above within five years, which is considered the most cost-effective PCI to maintain. The average rating for City's streets, based on the most recent study conducted during FY 2022/23, was 77.2. 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, 2023 as \$28.3 million. Actual expenditures were \$10.2 million. These expenditures delayed deterioration and helped maintain the overall condition of the streets at a PCI level meeting the City's goal.

The following is a summary of the City's capital assets as of June 30, 2023 (amounts in millions).

Description	Cost	Accumulated Depreciation & Amortization	Carrying Value
Capital Assets - Governmental Activities:			
Land	\$ 194.3	\$ -	\$ 194.3
Buildings and Structures	262.5	62.4	200.1
Improvements Other than Buildings	195.8	76.1	119.7
Machinery and Equipment	58.8	37.4	21.4
Construction in Progress	101.8	-	101.8
Infrastructure:			
Nondepreciable	180.5	-	180.5
Depreciable	110.8	73.3	37.5
Total	\$ 1,104.5	\$ 249.2	\$ 855.3
Amortized Leased Assets:			
Right to use Leased Asset	6.7	1.5	5.2
	\$ 1,111.2	\$ 250.7	\$ 860.5
Capital Assets - Business-Type Activities:			
Land	\$ 16.5	\$ -	\$ 16.5
Buildings and Structures	23.4	22.9	0.5
Improvements Other than Buildings	48.7	43.0	5.7
Machinery and Equipment	8.6	6.9	1.7
Construction in Progress	230.0	-	230.0
Infrastructure - Depreciable	233.6	117.6	116.0
Total	\$ 560.8	\$ 190.4	\$ 370.4
Amortized Leased Assets:			
Right to use Leased Asset	0.9	0.2	0.7
	\$ 561.7	\$ 190.6	\$ 371.1

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

F. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued

During the year, the City recorded capital contributions from external sources. Developers contributed capital assets (park and park improvements, streets, easements, traffic signals, and lights) with estimated acquisition value of \$11.6 million to governmental activities. Developers also contributed infrastructure assets of a combined \$3.9 million to business-type activities.

There are several capital projects which were still in progress at year end. Amounts capitalized for major capital projects in progress were \$25.1 million, including \$13.9 million for Fair Oaks Park renovation and enhancements, \$5.0 million for All-Inclusive Playground at Fair Oaks Park, and \$1.9 million for Park Buildings/Rehabilitation at Sierra Park and Washington Park. At the end of FY 2022/23, \$131.3 million was transferred from construction in progress to building and structures after the completion of the construction of new Civic Center and Emergency Operation Center. The Wastewater management system included most of the major capital projects in progress such as \$28.2 million for secondary treatment improvements at the Water Pollution Control Plant (WPCP), \$5.9 million for design and construction of the new WPCP, and \$4.8 million for program management and construction management costs. Note 15 presents schedules of outstanding construction commitments for the construction in progress, which also include construction contracts signed as of June 30, 2023. It should be noted that project costs capitalized often include other items such as consultant fees which are outside of the construction commitments schedules.

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

Long-Term Obligations

As of June 30, 2023, the City had outstanding bonded debt 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 2023 and 2022 are presented in the schedule below (amounts in millions).

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Certificates of Participation	\$ -	\$ 1.3	\$ -	\$ -	\$ -	\$ 1.3
Revenue Bonds	149.2	149.8	33.7	35.7	182.9	185.5
Note Payable	-	-	129.3	114.2	129.3	114.2
Total Bonded Debt	\$ 149.2	\$ 151.1	\$ 163.0	\$ 149.9	\$ 312.2	\$ 301.0

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

***Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023***

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The projects included in this Adopted Budget are based on a planning approach that includes detailed and thoughtful facilities master planning, and distribution across ten and twenty years to ensure project delivery resources are sufficient and project completion will be timely.

These investments include:

- Maintaining \$40.8 million in funding for a new Fire Station 2 and including a new training center in the current budget, with the design process currently underway
- Adding \$15.4 million for the sequential renovation of the remaining fire stations, with the first to begin design in FY 2025/26 and completion of all four by FY 2035/36
- New funding of the first phase of the Corporation Yard Master Plan with design scheduled to begin in FY 2026/27 and construction in FY 2028/29 for a total of \$21.5 million
- Setting aside \$15.0 million to support the construction phase of Civic Center Phase II – Main Library
- An additional \$262.2 million for the Sunnyvale Cleanwater Program, with current and increased funding provided through a combination of Federal and State low-interest loans and future anticipated issuance of revenue bonds. This includes \$58 million to complete design and fund construction of the new Cleanwater Center building which had been deferred in previous budgets.

Though FY 2023/24 budget development primarily focused on operating, there were also several significant updates related to operations and staffing levels:

- Included the addition of the new Homeless Services Manager across the twenty-year planning period
- Added an additional \$1.4 million per year in costs for chemicals at the water pollution control plant to address the algal blooms impacting the treatment process
- Added one new Civil Engineer to the Special Projects team for delivery of the Clean Water Program and Civic Center Phase II
- Establishment of a New Special Projects team dedicated to the delivery of parks projects funded by Park Dedication Fees – one Senior Engineer, one Civil Engineer, and \$65,000 in contract funding to provide support for procurement and bidding
- Added operating costs for recently completed projects –
 - Permit system support of \$846,000; offset by tech surcharge fees
 - \$100,000 for new Civic Center technology costs

This budget also supports Council priorities that are updated annually and guide the development of the budget. Some key updates include:

- Providing \$60,000 for the Downtown Association to support special events and marketing
- Providing an additional \$500,000 to continue the program to provide case management services and shelter beds to support the unhoused
- Continuing funding to further the City's equity, access, and inclusion efforts - funding Sunnyvale Unity events at \$15,000 annually for three years and \$75,000 to conduct an equity, access, and inclusion community needs assessment
- Continuing funding and updating the timing for Climate Action Plan implementation

**Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023****G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET, Continued**

Additionally, the FY 2023/24 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 over 5% the first year and then approximately 3% (dependent largely on the growing impact of pension rates) over the first ten years of the planning period.

Ongoing strategic planning and commitment to proactively funding pension requirements against competing priorities requires fiscal discipline but has shown positive results. For managing growth of pension costs on a long-term basis, the City has taken several actions, including implementing reduced benefit second- and third-tier pension plans for new employees, negotiating labor agreements with sustainable salary increases, identifying compensation incentives that do not impact pensionable wages, and maintaining reserves to fund long-term pension and healthcare liabilities. The City also implemented a “fresh start” in FY 2013/14 with CalPERS. This “fresh start” took all the unfunded liability for both of the City’s pension plans at that time and amortized them over a fixed number of years:

- Miscellaneous; 18 years
- Safety; 28 years

For FY 2023/24, the City is projected to contribute \$57.7 million for pensions to CalPERS. That is anticipated to increase to \$87.3 million in FY 2030/31, an approximate 51.0% increase in cost before leveling off in FY 2031/32 due to the “fresh start” noted above. The current funded status of the two plans as well as the FY 2023/24 employer rates are shown in the chart below.

Plan	FY 2023/24 Plan Funded Ratio	FY 2023/24 Employer Rate
Miscellaneous	78.9%	36.2%
Safety	75.2%	65.6%

Investment returns play an integral role in determining the City’s pension contribution rates to CalPERS. For example, In FY 2020/21 CalPERS achieved a 21.3% return on its investments, significantly exceeding its goals. However, in FY 2021/22 CalPERS experienced a 7.5% loss, well short of its stated goal of 6.8% growth and therefore virtually eliminating the prior year gain. Due to the propensity for this volatility, the FY 2023/24 Adopted Budget assumes conservative returns short of the 6.8% goal for the current fiscal year and across the planning period in an effort to mitigate sharp increases in budget requirements

The Adopted Budget also continues an annual \$1.0 million dollar contribution to the Pension Trust through the FY 2027/28. The City has contributed \$13.5 million through FY 2022/23 as Council regularly approves additional contributions with year-end budgetary savings as well. This fund enables the City to reserve funds for pension cost uncertainty, keep those funds locally controlled, and prefund pension costs – all while earning a higher return when compared to regular pooled cash investments. The City will start drawing from the Trust 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:

***Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023***

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

Personnel Resources Demands – One of the most imminent challenges is the City's ability to attract and retain talent as attrition rates are high due to retirements and other factors. Employees in skilled positions with public sector experience are in strong demand and the job market continues to remain 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. Additionally, as a growing and evolving city, needs change over time adding pressure to provide new services. 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. Over the prior two budget cycles, the City has been able to strategically add a handful of permanent positions for specific initiatives and positions funded by enterprise activity.

However, these additional permanent resources minimally address the overall gap between service level demand, workload, and staff capacity across City functions. As demand continues to pressure our existing resources, the City will continue to identify efficiencies, look for opportunities to re-allocate resources, and identify revenue enhancements in order to strategically add resources to meet targeted service level requirements.

Environmental and Regulatory Demands – Stricter regulatory requirements in stormwater management and efforts to reduce greenhouse gas emissions through Accelerating Climate Action impact costs and resources in many ways across both the General Fund and the Utility Funds. The Sunnyvale Water Pollution Control Plant (WPCP), an advanced wastewater treatment facility, now requires significant upgrades to meet environmental and regulatory requirements, as well as accommodate the growth Sunnyvale has experienced over the past sixty years. The Master Plan, which was approved by City Council in August of 2016, serves as a long-term guide for replacing the WPCP's facilities and operations as part of the Sunnyvale Clean Water Program (SCWP), with costs estimated at approximately \$1.1 billion over twenty years. The 2023/24 Budget updates funding estimates and project delivery timing. Also includes \$58 million to complete design and fund construction of the new Cleanwater Center building which had been deferred in previous budgets. The City has secured low-cost loans – Water Infrastructure Finance and Innovation Act (WIFIA) federal loan for \$220.6 million and two Cleanwater State Revolving Fund (CWSRF) loans for up to \$429.2 million that provide for very reasonable borrowing costs.

The City operates under the terms of a Municipal Regional Permit (MRP) for Stormwater discharge issued by the Regional Water Quality Control Board. The core purpose of the permit is to minimize pollutants from storm systems into local creeks, channels, and the Bay. The City must comply with these evolving permit regulations. As part of the FY 2023/24 budget, several of the City's projects to intercept trash and other pollutants as well as the implementation of "green stormwater infrastructure" (specially designed landscape features to filter and treat water before entering the stormwater collection system) were updated as part of the FY 2023/24 budget to reflect the requirements of these new regulations.

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

***Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023***

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

organics from all sectors (SB 1383), and the Zero Waste Strategic Plan goal of 90% diversion by 2030. Among other methods, implementation of new Sunnyvale Materials Recovery and Transfer (SMaRT) equipment to increase the diversion rate is required and \$34.0 million has been included for rehabilitation of the SMaRT station, including major equipment replacement. The retrofit project will increase the organics diversion, help the City embrace cutting-edge recycling technologies, become a power-efficient facility, prepare for a more sustainable future and it will optimize efficiencies using automation.

The City plans to issue long-term debt (i.e., revenue bonds) to fund planned capital improvements in the Utility Funds in addition to seeking grant funds where possible.

Demands from aging infrastructure – the City's aging administrative, parks, and utility infrastructure require resources to renovate and bring up to today's standards.

The FY 2023/24 Budget invests significant resources in updating this public infrastructure. In addition to funding major initiatives associated with implementation of several master plans (i.e., Civic Center Modernization, Fire Station, Corporation Yard, etc.), the budget also maintains substantial investments in other critical public and supporting infrastructure, such as:

- Funding for renovation of all City parks across the twenty-year planning period as well as set asides for future park acquisitions and rehabilitation of golf infrastructure
- Funding for the rehabilitation of the Sewer and Stormwater Collection systems and Water distribution system that includes installation of new potable water and recycled water mains to improve system capacity and operational flexibility
- Funding for pavement, sidewalks, bike lanes, etc. to maintain, improve, and modernize the City's transportation infrastructure as well as implement the Active Transportation plan. Additionally, \$549.1 million is included over twenty years that allocates federal, state, and local funding major projects such as grade separations
- Updating replacement schedule and values for vehicles in the City's fleet (e.g., fire engines) and funding requirements associated with the enhanced use of technology and replacement of legacy systems

Other risks:

- Persistent economic uncertainty:
 - Increasing international conflict
 - Inflationary environment and tightening monetary policy impacting interest rates, exacerbating spending pressures, and reducing purchasing power
 - Economic impact of climate change (i.e., drought, wildfires, etc.)
 - Federal government uncertainty

Management's Discussion and Analysis
Fiscal Year Ended June 30, 2023

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

In summary, the City enters FY 2023/24 with a plan that maintains service levels, makes significant progress in funding critical capital projects and key initiatives, and preserves sufficient reserves to weather a downturn or other unexpected event. The City maintains reserves in several funds for different purposes. Some are restricted for specific purposes (e.g., debt). Unrestricted reserves are used strategically over the twenty-year planning period to increase or decrease reserve levels through business and economic cycles, allowing stable and consistent levels of service. This is especially critical in periods of revenue volatility. Reviewing reserves over a long period forces policymakers, staff, and the community to think carefully before adding services that must be sustained through growing and recessionary economic periods. Long-term planning and the disciplined practice of maintaining robust reserves is one of Sunnyvale's strengths and having sufficient reserves has helped navigate economic uncertainty. While current revenue trends are positive, this favorable position is offset by the ongoing challenges of economic uncertainty, increasing pension costs due to market instability, persistent cost pressures, magnitude of infrastructure needs, tightening environmental regulatory environment, and recruitment and retention of employees. Continuing to address these challenges and balance the many competing priorities that the City faces will be critical in developing the budget going forward to ensure fiscal sustainability.

H. REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Sunnyvale Finance Department, 456 W. Olive Avenue, Sunnyvale, California 94088.

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Government-Wide Financial Statements

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Statement of Net Position
June 30, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Deposits and Investments Held by City (Note 3)	\$ 318,589,009	\$ 265,937,395	\$ 584,526,404
Receivables, Current (Note 4)	13,430,203	28,481,740	41,911,943
Inventories and Prepaid Items (Note 1)	4,122,315	122,556	4,244,871
Assets Held for Resale (Note 1)	1,381,077	-	1,381,077
Long-term Receivables from Employees (Note 6)	3,742,320	-	3,742,320
Lease Receivable (Note 14)	5,016,666	5,949,921	10,966,587
Service Concession Arrangement Receivable (Note 1)	-	1,406,466	1,406,466
Internal Balances (Note 10)	3,889,195	(3,889,195)	-
Restricted Assets:			
Deposits and Investments Held by City (Note 3)	336,449,972	12,031,813	348,481,785
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	15,763,783	1,738	15,765,521
Receivables, Current (Note 4)	2,503,196	-	2,503,196
Intergovernmental Receivables (Note 5)	11,781,491	197,377	11,978,868
Housing Loans Receivable, Net (Note 7)	86,140,531	-	86,140,531
Capital Assets (Note 11):			
Land and Nondepreciable Assets	476,610,603	246,531,634	723,142,237
Depreciable Assets, Net	383,839,063	124,617,484	508,456,547
Total Assets	1,663,259,424	681,388,929	2,344,648,353
Deferred Outflows of Resources (Note 9)	128,567,776	28,169,693	156,737,469
Liabilities:			
Wages Payable	2,414,513	-	2,414,513
Accounts Payable and Accrued Liabilities	26,952,371	28,219,029	55,171,400
Refundable Deposits	3,201,803	2,412,607	5,614,410
Interest Payable	1,356,791	7,134,018	8,490,809
Unearned Revenues (Note 8)	1,041,564	47,971	1,089,535
Noncurrent Liabilities:			
Due within One Year - Long-term Obligations (Note 12)	24,053,286	6,036,417	30,089,703
Due in More than One Year:			
Long-term Obligations (Note 12)	174,765,691	166,315,088	341,080,779
Net Pension Liability (Note 16)	381,321,106	65,033,026	446,354,132
Net OPEB Liability (Note 17)	36,765,058	8,449,966	45,215,024
Total Liabilities	651,872,183	283,648,122	935,520,305
Deferred Inflows of Resources (Note 9)	32,974,963	11,288,170	44,263,133
Net Position (Note 19):			
Net Investment in Capital Assets	711,927,355	207,336,062	919,263,417
Restricted for:			
Capital Projects	104,526,427	-	104,526,427
Housing	171,711,733	-	171,711,733
Park Dedication	117,846,277	-	117,846,277
Public Streets and Highways	22,098,027	-	22,098,027
Law Enforcement	1,126,603	-	1,126,603
Other City Programs	2,920,230	6,626,487	9,546,717
Nonexpendable Permanent Funds Principal and Endowment	2,261,770	-	2,261,770
Total Restricted Net Position	422,491,067	6,626,487	429,117,554
Unrestricted Net Position	(27,438,368)	200,659,781	173,221,413
Total Net Position	\$ 1,106,980,054	\$ 414,622,330	\$ 1,521,602,384

See Accompanying Notes to the Basic Financial Statements

Statement of Activities
Year Ended June 30, 2023

Programs	Expenses	Program Revenues				Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government:						
Governmental Activities:						
Planning and Management	\$ 23,262,479	\$ 1,056,684	\$ 533,241	\$ 55,000	\$ 1,644,925	
Public Safety	115,049,287	4,146,752	460,030	733,838	5,340,620	
Community Development	8,670,888	52,346,028	1,815,595	1,185,497	55,347,120	
Public Works	48,313,433	4,207,589	3,891,539	29,223,356	37,322,484	
Environmental Services	3,581,065	93,386	-	-	93,386	
Library and Recreation Services	23,602,068	5,900,908	229,971	298,989	6,429,868	
NOVA Workforce Services	8,756,440	-	9,094,178	-	9,094,178	
Interest on Long-term Debt	4,603,161	-	-	-	-	
Total Governmental Activities	235,838,821	67,751,347	16,024,554	31,496,680	115,272,581	
Business-Type Activities:						
Water Supply and Distribution	54,256,534	57,789,538	-	2,296,300	60,085,838	
Wastewater Management	41,286,120	59,794,023	-	1,637,700	61,431,723	
Solid Waste Management	57,418,498	57,453,537	-	-	57,453,537	
SMaRT Station	27,709,165	29,048,535	-	-	29,048,535	
Development	19,055,403	22,076,051	-	-	22,076,051	
Golf and Tennis Operations	5,536,009	4,999,647	-	-	4,999,647	
Total Business-Type Activities	205,261,729	231,161,331	-	3,934,000	235,095,331	
Total Primary Government	\$ 441,100,550	\$ 298,912,678	\$ 16,024,554	\$ 35,430,680	\$ 350,367,912	
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
\$ (21,617,554)	\$ -	\$ (21,617,554)
(109,708,667)	-	(109,708,667)
46,676,232	-	46,676,232
(10,990,949)	-	(10,990,949)
(3,487,679)	-	(3,487,679)
(17,172,200)	-	(17,172,200)
337,738	-	337,738
(4,603,161)	-	(4,603,161)
(120,566,240)	-	(120,566,240)
-	5,829,304	5,829,304
-	20,145,603	20,145,603
-	35,039	35,039
-	1,339,370	1,339,370
-	3,020,648	3,020,648
-	(536,362)	(536,362)
-	29,833,602	29,833,602
(120,566,240)	29,833,602	(90,732,638)
120,086,118	-	120,086,118
38,374,198	-	38,374,198
7,692,185	-	7,692,185
10,387,856	-	10,387,856
16,962,728	-	16,962,728
1,532,373	-	1,532,373
3,792,093	-	3,792,093
1,985,280	-	1,985,280
200,812,831	-	200,812,831
5,610,752	2,223,318	7,834,070
333,702	-	333,702
2,222,570	(2,222,570)	-
208,979,855	748	208,980,603
88,413,615	29,834,350	118,247,965
1,018,566,439	384,787,980	1,403,354,419
\$ 1,106,980,054	\$ 414,622,330	\$ 1,521,602,384

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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, 2023

	Major Funds		
	General Fund	Housing Special Revenue	Park Dedication Special Revenue
Assets:			
Deposits and Investments Held by City (Note 3)	\$ 166,173,975	\$ 80,116,814	\$ 120,229,584
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	-	-	-
Receivables, Current (Note 4)	12,808,085	438,908	570,485
Intergovernmental Receivables (Note 5)	1,678,400	-	-
Due From Other Funds (Note 10)	3,109,535	361,702	-
Advances to Other Funds (Note 10)	7,037,210	-	-
Inventories and Prepaid Items (Note 1)	648,943	-	-
Long-term Receivables from Employees (Note 6)	576,165	-	-
Lease Receivable (Note 14)	2,799,878	-	-
Housing Loans Receivable (Note 7)	-	60,327,286	-
Assets Held for Resale (Note 1)	1,101,077	280,000	-
Total Assets	<u>\$ 195,933,268</u>	<u>\$ 141,524,710</u>	<u>\$ 120,800,069</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 4,671,214	\$ 70,852	\$ 2,953,792
Refundable Deposits	3,116,803	-	-
Due to Other Funds (Note 10)	-	-	-
Unearned Revenue (Note 8)	106,694	-	-
Total Liabilities	<u>7,894,711</u>	<u>70,852</u>	<u>2,953,792</u>
Deferred Inflows of Resources (Note 9)	<u>19,013,516</u>	<u>5,351,783</u>	<u>-</u>
Fund Balances (Note 19):			
Nonspendable	3,001,491	-	-
Restricted	2,706,881	136,102,075	117,846,277
Committed	67,517,176	-	-
Assigned	-	-	-
Unassigned	95,799,493	-	-
Total Fund Balances	<u>169,025,041</u>	<u>136,102,075</u>	<u>117,846,277</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 195,933,268</u>	<u>\$ 141,524,710</u>	<u>\$ 120,800,069</u>

See Accompanying Notes to the Basic Financial Statements

Major Funds				
City Projects	Infrastructure Renovation and Replacement	Civic Center Capital Project	Nonmajor Governmental Funds	Total Governmental Funds
\$ 104,737,264	\$ 102,093,241		\$ 28,803,883	\$ 602,154,761
-	-	1,223,858	-	1,223,858
327,791	365,873	4,523	993,965	15,509,630
3,576,133	1,000,000	-	5,526,958	11,781,491
-	-	-	-	3,471,237
-	-	-	-	7,037,210
-	-	-	-	648,943
-	-	-	-	576,165
2,216,788	-	-	-	5,016,666
-	-	-	25,813,245	86,140,531
-	-	-	-	1,381,077
<u>\$ 110,857,976</u>	<u>\$ 103,459,114</u>	<u>\$ 1,228,381</u>	<u>\$ 61,138,051</u>	<u>\$ 734,941,569</u>
\$ 6,355,534	\$ 9,445,197	\$ 13,087	\$ 2,272,227	\$ 25,781,903
85,000	-	-	-	3,201,803
-	-	145,000	3,326,237	3,471,237
934,870	-	-	-	1,041,564
<u>7,375,404</u>	<u>9,445,197</u>	<u>158,087</u>	<u>5,598,464</u>	<u>33,496,507</u>
<u>3,003,361</u>	<u>1,000,000</u>	<u>-</u>	<u>8,158,844</u>	<u>36,527,504</u>
-	-	-	1,626,967	4,628,458
100,479,211	-	1,070,294	46,461,395	404,666,133
-	-	-	-	67,517,176
-	93,013,917	-	-	93,013,917
-	-	-	(707,619)	95,091,874
<u>100,479,211</u>	<u>93,013,917</u>	<u>1,070,294</u>	<u>47,380,743</u>	<u>664,917,558</u>
<u>\$ 110,857,976</u>	<u>\$ 103,459,114</u>	<u>\$ 1,228,381</u>	<u>\$ 61,138,051</u>	<u>\$ 734,941,569</u>

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**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2023**

Total Fund Balances - Total Governmental Funds	\$ 664,917,558
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, 2023, capital assets used by governmental activities excluding \$40,041,186 of capital assets used by Internal Service Funds.	820,408,480
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 \$41,194,672 less amount owed to business-type activities for internal service funds activities of \$3,148,015 at year end).	38,046,657
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	7,037,208
Interest accrued on receivables from employees	38,063
Proposition 172 revenue	162,951
State, County, and other agency cost reimbursements	1,523,402
Long-term housing loans interest portion	12,618,275
Eligible expenditures to be reimbursed by grants	2,706,404
Bonds and Subscriptions payable are not reported as fund liabilities.	(149,592,605)
Interest payable on bonds and subscriptions, not due and payable in the current period, is not reported in the funds.	(1,274,661)
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	(353,547,435)
Deferred outflows of resources related to pension	98,655,767
Deferred inflows of resources related to pension	(1,213,598)
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	(33,568,021)
Deferred outflows of resources related to OPEB	16,820,218
Deferred inflows of resources related to OPEB	(16,758,609)
Net Position of Governmental Activities	\$ 1,106,980,054

See Accompanying Notes to the Basic Financial Statements

CITY OF SUNNYVALE

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	Major Funds		
	General Fund	Housing Special Revenue	Park Dedication Special Revenue
Revenues:			
Property Taxes	\$ 120,086,118	\$ -	\$ -
Sales and Use Taxes	38,374,198	-	-
Other Taxes	34,660,330	-	-
Franchise Fees	7,692,185	-	-
Intergovernmental Revenues	1,826,922	25,024	-
Permits and Licenses	2,149,126	-	-
Fines and Forfeitures	361,224	-	-
Special Assessments	6,237	-	-
Service Fees	7,282,440	1,637,119	47,468,144
Rents and Concessions	2,182,471	12,000	-
Interest Received from Interfund Advances	4,419,817	-	-
Investment Earnings	1,739,589	611,348	720,962
Other Revenues	1,633,741	69,726	-
Total Revenues	222,414,398	2,355,217	48,189,106
Expenditures:			
Current:			
Planning and Management	20,617,281	-	-
Public Safety	116,232,551	-	-
Community Development	2,463,971	1,361,092	-
Public Works	27,413,321	-	-
Environmental Services	2,944,423	-	-
Library and Recreation Services	23,398,641	-	-
NOVA Workforce Services	-	-	-
Capital Outlay	6,529,584	132,210	9,836,824
Debt Service:			
Principal Retirement	1,308,516	-	-
Interest	32,356	-	-
Fiscal Charges	9,237	-	-
Total Expenditures	200,949,881	1,493,302	9,836,824
Excess (Deficiency) of Revenues Over (Under) Expenditures	21,464,517	861,915	38,352,282
Other Financing Sources (Uses):			
Transfers In (Note 18)	6,639,260	2,500,000	-
Transfers Out (Note 18)	(27,099,629)	(100,310)	(3,292,681)
Total Other Financing Sources (Uses)	(20,460,369)	2,399,690	(3,292,681)
Net Change in Fund Balances	1,004,148	3,261,605	35,059,601
Fund Balances, Beginning of Year	168,020,893	132,840,470	82,786,676
Fund Balances, End of Year	\$ 169,025,041	\$ 136,102,075	\$ 117,846,277

See Accompanying Notes to the Basic Financial Statements

Major Funds			Nonmajor	Total Governmental Funds
City Projects	Infrastructure Renovation and Replacement	Civic Center Capital Project	Other Governmental Funds	
\$ -	\$ -	\$ -	\$ -	\$ 120,086,118
-	-	-	-	38,374,198
-	-	-	-	34,660,330
-	-	-	-	7,692,185
11,207,684	1,500,000	-	21,914,747	36,474,377
-	-	-	-	2,149,126
-	-	-	-	361,224
-	-	-	-	6,237
4,232,286	-	-	204,114	60,824,103
459,809	-	-	-	2,654,280
-	-	-	-	4,419,817
(139,120)	293,009	846,601	264,516	4,336,905
-	26,190	-	273,767	2,003,424
15,760,659	1,819,199	846,601	22,657,144	314,042,324
-	-	-	-	20,617,281
-	-	-	411,388	116,643,939
-	-	-	2,103,280	5,928,343
83,599	-	-	1,014,063	28,510,983
-	-	-	-	2,944,423
-	-	-	-	23,398,641
-	-	-	9,055,463	9,055,463
8,220,087	5,508,736	26,346,150	6,876,892	63,450,483
-	-	-	-	1,308,516
-	-	-	5,055,425	5,087,781
-	-	-	-	9,237
8,303,686	5,508,736	26,346,150	24,516,511	276,955,090
7,456,973	(3,689,537)	(25,499,549)	(1,859,367)	37,087,234
-	19,903,036	-	5,055,425	34,097,721
-	-	(1,012,617)	(2,716,711)	(34,221,948)
-	19,903,036	(1,012,617)	2,338,714	(124,227)
7,456,973	16,213,499	(26,512,166)	479,347	36,963,007
93,022,238	76,800,418	27,582,460	46,901,396	627,954,551
\$ 100,479,211	\$ 93,013,917	\$ 1,070,294	\$ 47,380,743	\$ 664,917,558

***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, 2023***

Net Change in Fund Balances - Total Governmental Funds	\$ 36,963,007
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	47,570,070
Depreciation recorded in the current year - governmental activities	(10,609,976)
Contributions of capital assets are not recorded in the governmental funds	11,396,757
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	333,702
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	1,534,509
Conway assessment installments	(5,628)
Administrative citations no longer placed on tax roll	(26,950)
Various cost sharing	87,877
Various grants	(2,170,973)
Proposition 172 revenue	(15,783)
Repayment of principal on the bonds is reported in the fund as expenditures.	1,308,516
Amortization of bond premium	625,059
This amount represents the change in accrued interest on bonds payable from prior year.	4,820
Internal service funds are primarily to serve governmental activities. The change in net position of the Internal Service Funds is reported with governmental activities.	5,759,657
This amount represents the portion of change in Internal Service Fund net position attributable to business-type activities. Business-type activities paid \$1,392,833 for internal services during the year. At year end, the internal service lookback adjustment was determined to be \$1,242,585.	(150,248)
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.	(5,404,585)
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.	5,633,600
Change in Net Position of Governmental Activities	\$ 88,413,614

See Accompanying Notes to the Basic Financial Statements

Proprietary Fund Financial Statements

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

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

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

The ***SMaRT Station® Fund*** accounts for the revenues and 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, 2023**

	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)	\$ 91,172,641	\$ 89,962,325	\$ 14,209,189
Receivables, Net (Note 4)	10,000,750	8,572,350	8,414,413
Intergovernmental Receivables (Note 5)	-	4,656	192,721
Leases Receivables (Note 14)	-	-	162,649
Inventories and Prepaid Items (Note 1)	-	-	-
Restricted Assets:			
Deposits and Investments Held by City (Note 3)	295,433	11,736,380	-
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	609	1,129	-
Total Current Assets	101,469,433	110,276,840	22,978,972
Noncurrent Assets:			
Receivables from Employees (Note 6)	-	-	-
Service Concession Arrangement Receivable (Note 1)	-	-	-
Lease Receivable (Note 14)	-	-	4,227,226
Capital Assets (Note 11):			
Land & Nondepreciable Assets	2,841,722	231,402,155	36,134
Depreciable Assets, Net	53,610,592	65,172,803	1,759,614
Total Noncurrent Assets	56,452,314	296,574,958	6,022,974
Total Assets	157,921,747	406,851,798	29,001,946
Deferred Outflows of Resources (Note 9)	3,724,495	9,561,652	2,053,437
Liabilities:			
Current Liabilities:			
Wages Payable	-	-	-
Accounts Payable and Accrued Liabilities	4,999,584	13,411,109	2,153,414
Advances from Other Funds (Note 10)	-	949,615	3,048,004
Refundable Deposits	812,863	565,837	1,031,512
Interest Payable	144,625	6,989,393	-
Unearned Revenues (Note 8)	-	30,000	-
Service Concession Arrangement Maintenance Liability (Note 12)	-	-	-
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)	-	-	896,192
Bonds, Leases, Subscriptions and Loan Payable - Due Within One Year (Note 12)	575,000	4,290,970	-
Total Current Liabilities	6,532,072	26,236,924	7,129,122
Noncurrent Liabilities:			
Advances from Other Funds (Note 10)	-	3,039,591	-
Service Concession Arrangement Maintenance Liability (Note 12)	-	-	-
Claims and Judgments Payable - Due in More than One Year (Note 12)	-	-	-
Compensated Absences Payable - Due in More than One Year (Note 12)	-	-	-
Landfill Closure and Postclosure Costs (Note 12)	-	-	6,496,137
Bonds, Leases, Subscriptions and Loan Payable - Due in More than One Year (Note 12)	14,573,999	143,595,698	-
Net Pension Liability - Due in More than One Year (Note 16)	9,501,167	25,752,681	3,694,432
Net OPEB Liability - Due in More than One Year (Note 17)	1,394,612	3,692,389	461,453
Total Noncurrent Liabilities	25,469,778	176,080,359	10,652,022
Total Liabilities	32,001,850	202,317,283	17,781,144
Deferred Inflows of Resources (Note 9)	726,647	1,999,360	4,682,622
Net Position (Note 19):			
Net Investment in Capital Assets	41,303,924	148,609,368	1,795,748
Restricted for Debt Service	-	6,626,487	-
Unrestricted	87,613,821	56,860,952	6,795,869
Total Net Position	\$ 128,917,745	\$ 212,096,807	\$ 8,591,617

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	Activities Internal Service Funds
\$ 4,110,992	\$ 62,026,440	\$ 4,455,808	\$ 265,937,395	\$ 52,884,220
1,159,480	323,919	10,828	28,481,740	423,769
-	-	-	197,377	-
-	-	100,337	262,986	-
-	-	122,556	122,556	3,473,372
-	-	-	12,031,813	-
-	-	-	1,738	14,539,925
5,270,472	62,350,359	4,689,529	307,035,605	71,321,286
-	-	-	-	3,166,155
-	-	1,406,466	1,406,466	-
-	-	1,459,709	5,686,935	-
2,568,019	-	9,683,604	246,531,634	16,379,412
2,542,295	15,688	1,516,492	124,617,484	23,661,774
5,110,314	15,688	14,066,271	378,242,519	43,207,341
10,380,786	62,366,047	18,755,800	685,278,124	114,528,627
486,037	10,155,868	2,188,204	28,169,693	13,091,791
-	-	-	-	2,414,513
4,577,338	2,989,264	88,320	28,219,029	1,170,468
-	-	-	3,997,619	-
-	-	2,395	2,412,607	-
-	-	-	7,134,018	82,130
-	17,971	-	47,971	-
-	-	139,935	139,935	-
-	-	-	-	5,382,950
-	-	-	-	14,689,071
-	-	-	896,192	-
-	-	134,320	5,000,290	1,478,443
4,577,338	3,007,235	364,970	47,847,661	25,217,575
-	-	-	3,039,591	-
-	-	1,084,498	1,084,498	-
-	-	-	-	17,459,050
-	-	-	-	7,165,076
-	-	-	6,496,137	-
-	-	564,756	158,734,453	3,051,782
1,191,134	19,493,734	5,399,878	65,033,026	27,773,671
128,870	2,108,323	664,319	8,449,966	3,197,037
1,320,004	21,602,057	7,713,451	242,837,671	58,646,616
5,897,342	24,609,292	8,078,421	290,685,332	83,864,191
98,258	1,778,934	2,002,349	11,288,170	2,561,555
5,110,314	15,688	10,501,020	207,336,062	40,041,186
-	-	-	6,626,487	-
(239,091)	46,118,001	362,214	197,511,766	1,153,486
\$ 4,871,223	\$ 46,133,689	\$ 10,863,234	\$ 411,474,315	\$ 41,194,672

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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, 2023***

Total Net Position - Total Enterprise Funds	\$ 411,474,315
Adjustment to reflect the amount owed to Business-Type Activities for internal service fund activities.	<u>3,148,015</u>
Net Position of Business-Type Activities	<u><u>\$ 414,622,330</u></u>

CITY OF SUNNYVALE

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2023

	Major Enterprise Funds		
	Water Supply and Distribution	Wastewater Management	Solid Waste Management
Operating Revenues:			
Charges for Services	\$ 57,789,538	\$ 59,794,023	\$ 57,453,537
Operating Expenses:			
Personnel Services	6,281,344	14,328,069	2,881,847
Contractual Services	791,221	8,312,054	45,296,380
Materials and Supplies	1,604,946	4,991,938	124,222
Utilities	429,525	1,383,628	110,353
Taxes, Licenses, and Fees	311,540	268,893	3,956,948
Equipment and Building Rental	1,077,963	1,728,712	474,700
Water Purchased for Resale	35,175,336	-	-
Insurance Premiums and Claims	-	-	-
Retirement Premiums	-	-	-
Other Operating Expenses	571,069	693,410	71,655
General Fund Administration	3,804,287	2,877,123	4,120,387
Depreciation and Amortization (Note 11)	2,723,234	3,468,645	178,784
Total Operating Expenses	52,770,465	38,052,472	57,215,276
Operating Income (Loss)	5,019,073	21,741,551	238,261
Nonoperating Revenues (Expenses):			
Investment Earnings (Loss)	684,965	919,312	200,545
Interest Expense	(513,554)	(2,853,049)	(189,852)
Total Nonoperating Revenues (Expenses)	171,411	(1,933,737)	10,693
Income (Loss) before Capital Contributions and Transfers	5,190,484	19,807,814	248,954
Capital Contributions	2,296,300	1,637,700	-
Transfers In (Note 18)	-	-	-
Transfers Out (Note 18)	(1,243,614)	(1,533,635)	(1,464,732)
Change in Net Position	6,243,170	19,911,879	(1,215,778)
Net Position - Beginning of Year	122,674,575	192,184,928	9,807,395
Net Position, End of Year	\$ 128,917,745	\$ 212,096,807	\$ 8,591,617

See Accompanying Notes to the Basic Financial Statements

Major Enterprise Funds					Governmental Activities	
SMaRT Station®	Development	Golf and Tennis Operations	Total Enterprise Funds		Internal Service Funds	
\$ 29,048,535	\$ 22,076,051	\$ 4,999,647	\$ 231,161,331		\$ 150,401,042	
667,312	13,641,041	2,880,461	40,680,074		41,751,870	
19,675,044	1,913,944	271,083	76,259,726		7,512,448	
16,984	573,516	335,747	7,647,353		2,670,981	
556,865	-	776,897	3,257,268		3,205,049	
6,649,080	-	90	11,186,551		-	
55,320	1,152,534	485,191	4,974,420		2,162,429	
-	-	-	35,175,336		-	
-	-	-	-		33,653,793	
-	-	-	-		54,296,297	
2,844	45,476	83,961	1,468,415		247,423	
-	1,846,009	388,617	13,036,423		-	
91,927	3,161	295,398	6,761,149		4,018,550	
27,715,376	19,175,681	5,517,445	200,446,715		149,518,840	
1,333,159	2,900,370	(517,798)	30,714,616		882,202	
3,883	414,613	-	2,223,318		1,273,847	
-	-	(15,974)	(3,572,429)		(136,022)	
3,883	414,613	(15,974)	(1,349,111)		1,137,825	
1,337,042	3,314,983	(533,772)	29,365,505		2,020,027	
-	-	-	3,934,000		-	
-	-	1,840,000	1,840,000		7,222,283	
(8,141)	(1,123,387)	(81,894)	(5,455,403)		(3,482,653)	
1,328,901	2,191,596	1,224,334	29,684,102		5,759,657	
3,542,322	43,942,093	9,638,900	381,790,213		35,435,015	
\$ 4,871,223	\$ 46,133,689	\$ 10,863,234	\$ 411,474,315		\$ 41,194,672	

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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, 2023***

Change in Net Position - Total Enterprise Funds	\$ 29,684,102
Internal service funds look-back adjustments for the year	(1,242,585)
Payment made to governmental activities	<u>1,392,833</u>
Change in Net Position of Business-Type Activities	<u><u>\$ 29,834,350</u></u>

See Accompanying Notes to the Basic Financial Statements

CITY OF SUNNYVALE
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2023

	Major Enterprise Funds		
	Water Supply and Distribution	Wastewater Management	Solid Waste Management
Cash Flow from Operating Activities:			
Cash Received from Customers	\$ 58,288,463	\$ 59,949,099	\$ 58,174,617
Cash Received for Interfund Service Provided	-	-	-
Cash Paid for General Fund Administration	(3,804,287)	(2,877,123)	(4,120,387)
Cash Payments to Suppliers of Goods and Services	(38,666,704)	(13,403,342)	(49,377,570)
Cash Payments for Employee Services	(6,266,580)	(14,273,144)	(2,860,438)
Insurance and Claims Paid	-	-	-
Net Cash Provided by (Used For) Operating Activities	9,550,892	29,395,490	1,816,222
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(1,243,614)	(1,533,635)	(1,464,732)
Net Repayment of Advance from (to) Other Funds	-	(949,615)	(3,470,200)
Net Cash Provided by (Used for) Noncapital Financing Activities	(1,243,614)	(2,483,250)	(4,934,932)
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Long-Term Debt	(560,000)	(1,250,000)	-
Interest Paid on Long-Term Debt	(594,910)	(756,916)	-
Loans Payable Drawdown	-	15,077,939	-
Acquisition and Construction of Capital Assets	(4,729,131)	(41,533,686)	-
Net Cash Used for Capital and Related Financing Activities	(5,884,041)	(28,462,663)	-
Cash Flows from Investing Activities:			
Interest (Loss) on Investments	684,965	919,312	200,546
Net Increase (Decrease) in Cash and Cash Equivalents	3,108,202	(631,111)	(2,918,164)
Cash and Cash Equivalents - Beginning of Year	88,360,481	102,330,945	17,127,353
Cash and Cash Equivalents - End of Year	\$ 91,468,683	\$ 101,699,834	\$ 14,209,189
Reconciliation to Statement of Net Position:			
Cash and Investments Held by City	\$ 91,172,641	\$ 89,962,325	\$ 14,209,189
Cash and Investments Held by City - Restricted	295,433	11,736,380	-
Cash and Investments Held by Fiscal Agent and Trustee	609	1,129	-
Total Cash and Investments	\$ 91,468,683	\$ 101,699,834	\$ 14,209,189

See Accompanying Notes to the Basic Financial Statements

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Major Enterprise Funds			Total Enterprise Funds	Governmental Activities
SMaRT Station	Development	Golf and Tennis Operations		Internal Service Funds
\$ 27,909,262	\$ 21,781,318	\$ 4,899,195	\$ 231,001,954	\$ 1,026,261
-	-	-	-	149,405,004
-	(1,846,009)	(388,617)	(13,036,423)	-
(26,083,392)	(1,909,130)	(2,033,932)	(131,474,070)	(72,388,512)
(646,839)	(13,338,267)	(2,916,733)	(40,302,001)	(40,041,322)
-	-	-	-	(33,679,793)
1,179,031	4,687,912	(440,087)	46,189,460	4,321,638
-	-	1,840,000	1,840,000	7,222,283
(8,141)	(1,123,387)	(81,894)	(5,455,403)	(3,482,653)
-	-	-	(4,419,815)	-
(8,141)	(1,123,387)	1,758,106	(8,035,218)	3,739,630
-	-	(129,417)	(1,939,417)	-
-	-	(15,974)	(1,367,800)	(1,673,971)
-	-	-	15,077,939	(53,892)
(1,802,773)	-	-	(48,065,590)	(5,249,779)
(1,802,773)	-	(145,391)	(36,294,868)	(6,977,642)
3,883	414,612	-	2,223,318	1,273,847
(628,000)	3,979,137	1,172,628	4,082,692	2,357,473
4,738,992	58,047,303	3,283,180	273,888,254	65,066,672
\$ 4,110,992	\$ 62,026,440	\$ 4,455,808	\$ 277,970,946	\$ 67,424,145
\$ 4,110,992	\$ 62,026,440	\$ 4,455,808	\$ 265,937,395	\$ 52,884,220
-	-	-	12,031,813	-
-	-	-	1,738	14,539,925
\$ 4,110,992	\$ 62,026,440	\$ 4,455,808	\$ 277,970,946	\$ 67,424,145

Continued

CITY OF SUNNYVALE

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2023

	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)	\$ 5,019,073	\$ 21,741,551	\$ 238,261
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (Used For) Operating Activities:			
Depreciation and amortization	2,723,234	3,468,645	178,784
Loss on Disposal of Capital Assets	-	-	-
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:			
Receivables, Net	498,925	152,469	719,084
Intergovernmental Receivables	-	2,607	35,107
Lease Receivable	-	-	159,941
Deferred Inflows Related to Leases	-	-	(193,052)
Inventories and Prepayments	152,111	-	-
Refundable Deposits	14,906	30,387	(6,672)
Accounts Payable and Accrued Liabilities	1,127,879	3,944,906	179,750
Wages Payable	-	-	-
Landfill Postclosure Care	-	-	483,610
Service Concession Arrangement Receivable	-	-	-
Service Concession Arrangement Maintenance Liability	-	-	-
Deferred Inflows Related to Service Concession	-	-	-
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	-	-	-
Deferred Outflows Related to Pensions and OPEB	(2,261,351)	(5,690,566)	(1,291,695)
Deferred Inflows Related to Pensions and OPEB	(1,808,151)	(4,991,467)	(893,261)
Net Pension Liability	3,811,082	10,018,204	2,058,871
Net OPEB Liability	273,184	718,754	147,494
Net Cash Provided by (Used For) Operating Activities	\$ 9,550,892	\$ 29,395,490	\$ 1,816,222
Noncash Capital and Related Financing Activities:			
Amortization of Bond Premium	\$ 77,254	\$ 103,380	\$ -
Amortization of Deferred Inflows of Resources for Gain on Debt Refunding	-	18,835	-
Noncash Capital Contributions	2,296,300	1,637,700	-
Addition of Intangible-Right To Use Assets	-	-	-
Addition of Subscriptions	-	-	-

See Accompanying Notes to the Basic Financial Statements

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Major Enterprise Funds			Total Enterprise Funds	Governmental Activities	
SMaRT Station	Development	Golf and Tennis Operations		Internal Service Funds	
\$ 1,333,159	\$ 2,900,370	\$ (517,798)	\$ 30,714,616	\$ 882,202	
91,927	3,161	295,398	6,761,149	4,018,550	
-	-	-	-	-	
(1,158,085)	(64,556)	(2,157)	145,680	30,223	
18,812	-	-	56,526	-	
-	-	572,394	732,335	-	
-	-	(670,689)	(863,741)	-	
-	-	(63,423)	88,688	(1,875,182)	
-	-	1,886	40,507	(8,518)	
872,745	1,776,340	(19,426)	7,882,194	(410,185)	
-	-	-	-	401,777	
-	-	-	483,610	-	
-	-	122,289	122,289	-	
-	-	(70,781)	(70,781)	-	
-	-	(51,508)	(51,508)	-	
-	-	-	-	(26,000)	
-	-	-	-	1,157,614	
(289,583)	(6,454,112)	(1,405,087)	(17,392,394)	(8,234,949)	
(237,489)	(3,770,749)	(794,241)	(12,495,358)	(6,873,964)	
510,892	9,844,796	2,014,381	28,258,226	14,178,163	
36,653	682,839	148,675	2,007,599	1,081,907	
<u>\$ 1,179,031</u>	<u>\$ 4,687,912</u>	<u>\$ (440,087)</u>	<u>\$ 46,189,460</u>	<u>\$ 4,321,638</u>	

\$ -	\$ -	\$ -	\$ 180,634	\$ -	
-	-	-	18,835	-	
-	-	-	3,934,000	-	
-	-	6,204,196	6,204,196	-	
-	-	6,204,196	6,204,196	-	
				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, 2023

	Other Postemployment Benefit Trust Fund	Private-Purpose Trust Funds	Custodial Funds
Assets:			
Deposits and Investments in City Treasury Pool (Notes 3 and 20)	\$ -	\$ 139,261	\$ 2,145,392
Deposits and Investments Outside of City Treasury Pool (Notes 3 and 20)	-	287,261	2,722,573
Deposits and Investments with Fiscal Agent and Trustee (Notes 3 and 20):			
Cash and Cash Equivalents	354,705	-	1,855,934
Mutual Funds-Fixed Income	56,374,659	-	-
Mutual Funds-Equity	90,008,743	-	-
Receivables (Notes 4 and 20)	11,484	12,457,342	52,947
Capital Assets (Note 20):			
Nondepreciable Assets	-	13,959,752	-
Total Assets	146,749,591	26,843,616	6,776,846
Liabilities:			
Accounts Payable and Accrued Liabilities	2,810	2,660	-
Accrued Interest Payable	-	-	-
Long-term Obligations (Note 20):			
Due Within One Year	-	70,000	-
Due in More Than One Year	-	39,781,403	-
Total Liabilities	2,810	39,854,063	-
Net Position:			
Restricted for Employee Benefits Other Than Pensions	146,746,781	-	-
Restricted for Private Purpose Held in Trust	-	137,692	-
Restricted for Others	-	-	6,776,846
Unrestricted for Private Purpose Held in Trust	-	(13,148,139)	-
Total Net Position	\$ 146,746,781	\$ (13,010,447)	\$ 6,776,846
	-	-	-

See Accompanying Notes to the Basic Financial Statements

CITY OF SUNNYVALE

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2023

	Other Postemployment Benefit Trust Fund	Private-Purpose Trust Funds	Custodial Funds
Additions:			
<i>Contributions:</i>			
Employer Contributions - Direct	\$ 3,086,000	\$ -	\$ -
Employer Contributions - Outside of OPEB Trust	6,705,924	-	-
Employer Contributions - Implied Subsidy	2,019,000	-	-
Special Tax Collected	-	29,096	1,650,270
Receipt from County Redevelopment Property Tax Trust Fund	-	-	-
Contributions from Participating Government Agencies	-	-	5,280,992
Contributions from Non-Government Agencies	-	-	160,994
Private Donations	-	-	-
Investment Earnings:			
Net Appreciation in Fair Value of Investments	7,402,076	12,407	-
Interest	95,857	-	109,619
Dividends	3,406,075	-	-
Investment Expenses	(29,115)	-	-
Total Additions	22,685,817	41,503	7,201,875
Deductions:			
Benefit Payments with Implied Subsidy	8,724,924	-	-
Projects Management	-	19,277	-
City Loan Interest Added to Loan Principal	-	839,154	-
Debt Service Payments	-	2,194	1,717,825
Fiscal Agent Trustee Fees	-	3,500	-
Program Expenses	-	-	33,851
Agreements, Fees and Monitoring	-	-	5,562,765
Administrative Expenses	-	110,629	74,292
Total Deductions	8,724,924	974,754	7,388,733
Change in Net Position	13,960,893	(933,251)	(186,858)
Net Position:			
Beginning of Year	132,785,888	(12,077,196)	6,963,704
End of Year	\$ 146,746,781	\$ (13,010,447)	\$ 6,776,846

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, 2023

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CITY OF SUNNYVALE

***Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2023***

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Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

As required by GAAP, these basic financial statements present the City and its component units, for which the City is considered to be financially accountable. Though they are legally separate entities, blended component units are, in substance, part of the City's operations and are reported as an integral part of the City's financial statements. The City's component units, which are described below, are either blended or fiduciary in nature.

Sunnyvale Financing Authority

The Sunnyvale Financing Authority (Authority) was formed on September 22, 1992 by the Joint Exercise of Powers Agreement between the City and the former Redevelopment Agency (RDA) of the City of Sunnyvale. The RDA was established under the provisions of the community redevelopment laws of the State by a resolution of the City Council adopted on November 19, 1957. The RDA was dissolved on February 1, 2012 pursuant to ABx1 26 (the "Dissolution Act").

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

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

Redevelopment Successor Agency (RSA)

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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, 2023

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, 2023

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, 2023

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, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

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

Fair Value Measurements

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash, Cash Equivalents, and Investments

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

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

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

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

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

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

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

Receivables

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Lease Receivables

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

Interfund Balances/Internal Balances

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

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

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

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

Inventory and Prepaid Items

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

Inventory in the Golf and Tennis Operations Enterprise Fund consists of golf merchandise held for resale to customers; the cost of goods sold is recorded at the end of the accounting period, adjusted by physical inventory results that reflect the lower of cost or market value.

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

Assets Held for Resale

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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, 2023**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:

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

Deferred Outflows and Inflows of Resources

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

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

Gain or Loss on Refunding:

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

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Deferred Inflows of Resources Related to Leases:

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

Unavailable Revenue:

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

Imposed Nonexchange Revenue:

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

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

Service Concession Arrangement

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

Lifetime has agreed to pay the City installment payments over the course of the arrangement; the present value of the remaining installment payments is estimated to be \$1,406,466, 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, 2023, the present value of the City's maintenance obligation is estimated to be \$1,224,433 reported as a service concession arrangement maintenance liability. The difference between the present value of the installments receivable and maintenance obligations was \$182,034, which was reported as deferred inflows of resources in the Golf and Tennis Operations Enterprise Fund.

Subscription-Based Information Technology Arrangements (SBITAs)

A Subscription-Based Information Technology Arrangement (SBITA) is a contract that conveys control of the right to use another party's (a SBITA vendor's) IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the contract term. Subsequently, the subscription liability is reduced by

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

the principal portion of payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the subscription asset is amortized on a straight line basis over shorter of the subscription term or the useful life of the underlying IT assets. The City recognizes SBITA liabilities with an initial, individual value of \$100,000 or more for all funds, based on the future SBITA payments remaining at the start of the contract.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments as follows:

- The City uses the interest rate charged by a SBITA vendor as the discount rate. When the interest rate charged by a SBITA vendor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for subscription liabilities.
- The subscription term includes the noncancellable period of the subscription.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price (if offered) that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its subscription and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

Subscription assets are reported with capital assets and subscription liabilities are reported with liabilities on the statement of net position.

Unearned Revenue

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

Noncurrent Liabilities

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Government-Wide and Enterprise Fund Financial Statements

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

Governmental Fund Financial Statements

Long-term debt is not reported in the governmental fund financial statements but is shown in the reconciliation of the governmental funds balance sheet to the government-wide statement of net position. In the fund financial statements, governmental funds recognize bond premiums and discounts and issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. All debt issuance costs are reported as debt service expenditures.

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Fund Balance Policies

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

Fund Balance Flow Assumptions

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Position Flow Assumptions

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

Use of Estimates

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

Program Revenues

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

Property Tax Revenue

California State Constitution Article XIII A provides that the combined maximum property tax rate on any given property may not exceed one percent of its assessed value unless an additional amount has been approved by voters. Assessed value is calculated at 100% of market value as defined by Article XIII A and may be increased by the lessor of the California Consumer Price Index or two percent per year unless there is new construction on the property or the property is sold or transferred. The California Legislature has determined the method of distribution of receipts from the one percent tax levy among the counties, cities, school districts, and other districts.

The County of Santa Clara (County) assesses properties and distributes property taxes to the City. Liens for property taxes attach on January 1 preceding the fiscal year for which taxes are levied. Taxes are levied on property as it exists on January 1. Secured property taxes are due in two installments on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payments. If delinquent taxes are paid prior to June 30, the County receives the 10% penalty. For delinquencies paid after June 30, the City receives the penalty revenue. Unsecured property tax is disbursed in July and are due upon receipt and become delinquent after August 31. A 10% penalty attaches to delinquent unsecured tax. If unsecured tax remains unpaid on October 31, an additional 1.5% attaches to it on the first day of each month until paid. The term "unsecured" refers to taxes on property

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

not secured by liens on real property. The City has elected not to participate in the "Teeter Plan" offered by the County, thereby retaining the right to any interest and penalties collected on the related delinquent taxes. Collection of property tax is the responsibility of the County.

Compensated Absences

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

Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

The Effects of New Pronouncements

As of July 1, 2022, the City implemented the following GASB Statement:

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. Implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2023.

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The objectives of this statement are to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). Implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2023.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 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 \$41,194,672, one of the internal service funds, Property and Liability Insurance Fund, had a deficit net position of \$2,876,232 at year end. The deficit was caused by the claims and judgments payable for the general liability program. The deficit is expected to be funded by future internal service charges to other City funds.

The deficit net position of \$13,010,447 in the Private Purpose Trust Fund was the combined total of the CFD No. 3 positive net position of \$137,692 and the RSA negative net position of \$13,148,139. The RSA has significant noncurrent liabilities which will be liquidated by future receipts from the Redevelopment Property Tax Trust Fund (RPTTF) determined by the State of California and distributed by the County. Note 20 provides a detailed explanation of those liabilities.

The deficit fund balance for the 2016 Measure B Santa Clara VTA Nonmajor Governmental Fund was \$707,619. The deficit is expected to be funded by the receipt of intergovernmental revenues during the following fiscal year.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

Summary of Deposits and Investments

	Government-Wide Statement of Net Position			Fund Financials
	Governmental Activities	Business-Type Activities	Total	Fiduciary Statement of Net Position
Deposits and Investments Held by the City	\$ 318,589,009	\$ 265,937,395	\$ 584,526,404	
Restricted Deposits and Investments:				
Held by the City	\$ 336,449,972	12,031,813	348,481,785	
Held by the Fiscal Agent	15,763,783	1,738	15,765,521	
Total Government-Wide Deposits and Investments	\$ 670,802,764	\$ 277,970,946	\$ 948,773,710	
Deposits and Investments in City Treasury Pool				\$ 2,284,653
Deposits and Investments Outside of City Treasury Pool				3,009,834
Deposits and Investments Held by the Fiscal Agent and Trustee				148,594,041
Total Fiduciary Deposits and Investments				\$ 153,888,528

Deposits and Cash on Hand in the City Treasury Pool

The carrying amount of the cash and deposits in the City pool totaled \$50,171,507 at June 30, 2023. Bank balances before reconciling items (i.e., deposits in transit and outstanding checks) were \$54,516,646, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name.

Investments

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

The City recognizes the change in fair value of investments in the year the change occurred. The City's portfolio value fluctuates in an inverse relationship to any change in interest rate. Net change in the fair value of investments takes into account all changes in fair value (including purchases and sales) that occurred during the year. These portfolio value changes are unrealized unless sold. These unrealized value changes do not represent actual market fluctuations or losses since the City's policy is to buy and hold investments until their maturity dates and the investment is redeemed at face value.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

Investment Policy

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

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

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

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

Fair Value Hierarchy

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

The City had the following recurring fair value measurements as of June 30, 2023:

Investments	Balance at June 30, 2023	Significant Other Observable Inputs (Level 2)
City Treasury Pooled Investments		
Investments Subject to Fair Value Hierarchy:		
Corporate Notes	\$ 216,673,660	\$ 216,673,660
ABS - Asset Back Securities	70,015,451	70,015,451
CMO - Collateralized Mortgage Obligations	79,624,491	79,624,491
Municipal Bonds	4,303,827	4,303,827
Supranational	17,235,968	17,235,968
Federal Agency Issues	163,615,231	163,615,231
U.S. Treasury Securities	291,972,161	291,972,161
Investments Subject to Fair Value Hierarchy	843,440,789	843,440,789
Investments Not Subject to Fair Value Hierarchy:		
Cash Equivalent Mutual Funds/Accounts	2,170,946	
Local Agency Investment Funds	39,509,599	
Total City Treasury Pooled Investments*	\$ 885,121,334	
City Investments Held by Fiscal Agent		
Investments Not Subject to Fair Value Hierarchy:		
Cash Equivalent Mutual Funds/Accounts	\$ 1,259,338	
Open-End Mutual Funds (Fixed Income/Equity)	14,506,183	
Total Investments Held by Fiscal Agent	\$ 15,765,521	
Fiduciary Fund Investments Outside of City Treasury Pool		
Investments Not Subject to Fair Value Hierarchy:		
Cash Equivalent Mutual Funds/Accounts	\$ 2,722,573	
Local Agency Investment Funds	287,261	
	\$ 3,009,834	
Fiduciary Fund Investments Held by Fiscal Agent		
Investments Not Subject to Fair Value Hierarchy:		
Cash Equivalent Mutual Funds/Accounts	\$ 462,499	
Open-End Mutual Funds (Fixed Income/Equity)	146,383,402	
Guaranteed Investment Contract	1,748,140	
Fiduciary Fund Investments with Fiscal Agent	\$ 148,594,041	

* The City Treasury included \$2,284,653 of Fiduciary Fund's deposits and investments.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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			\$ 50,171,507
Investments:			
Corporate Notes:			
Amazon	AA / A1	\$ 8,981,280	
Apple	AA+ / Aaa	9,424,588	
Bank of America Corp	A- / A1	11,841,786	
Bank of Montreal	A- / A2	7,953,574	
Bank of New York	A / A1	4,132,184	
Bank of NY Mellon	A / A1	5,924,577	
Berkshire Hathaway	AA / Aa2	5,984,640	
Caterpillar Fini Service Note	A / A2	11,583,670	
Charles Schwab Corp	A- / A2	9,793,205	
Costco Wholesale Corp	A+ / Aa3	5,032,149	
John Deere Capital	A / A2	3,996,668	
JP Morgan Chase & Co	A- / A1	11,369,098	
Mass Mutual Global	AA+ / Aaa	4,545,575	
Merck & Co	A+ / A1	4,721,484	
Morgan Stanley	A- / A1	7,663,692	
New York Life Global	AA+ / Aaa	3,916,794	
Northern Trust Company	A+ / A2	2,866,035	
Paccar Financial	A+ / A1	7,566,752	
Procter & Gamble Co	AA- / Aa3	9,147,950	
Prologis LP	A / A3	9,351,518	
Realty income Corp	A- / A3	10,220,310	
Royal Bank of Canada	A / A1	8,107,304	
Salesforce.com Inc	A+ / A2	6,187,337	
Target Corp	A / A2	3,519,805	
Toronto Dominion Bank	A / A1	9,697,926	
Toyota Motor	A+ / A1	11,374,250	
Truist Bank	A / A2	6,973,414	
United Health Group	A+ / A3	4,412,381	
US Bank	A+ / A2	8,946,261	
Wal-Mart Stores	AA / Aa2	1,437,453	
Total Corporate			216,673,660
			(continued)

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

	Credit Ratings S&P/Moody's	Fair Value	Total
Government Sponsor Enterprise, Asset-Back, Municipal Bonds, Money Market & Supranational:			
ABS (BMW, Honda, Toyota, GM Fin, Hyundai, Verizon, American Express Credit)	AAA / NR	30,978,204	
ABS (BMW, Honda, Toyota, GM Fin)	AAA / Aaa	10,899,360	
ABS (BMW, John Deere, GM Fin, Honda, Toyota, American Express)	NR / Aaa	28,137,887	
CMO (FHLMC)	AAA / NR	20,369,081	
CMO (FHLMC)	NR / Aaa	24,510,259	
CMO (FHLMC)	NR / NR	34,745,151	
Municipal Bonds (State of CA Taxable GO)	AA- / Aa2	4,303,827	
Supranational Securities (IBRD, IADB)	AAA / Aaa	17,235,968	
Federal Farm Credit Bank	AA+ / Aaa	9,887,450	
Federal Home Loan Bank	AA+ / Aaa	35,960,475	
Federal Home Loan Mortgage Corporation	AA+ / Aaa	42,502,095	
Federal National Mortgage Association	AA+ / Aaa	70,573,022	
Tennessee Valley Authority	AA+ / Aaa	4,692,190	
Total Government Sponsor Enterprise, Asset-Back, Municipal Bonds, Supranational			334,794,969
USTreasuries	Not Required		291,972,161
Money Market Funds	AAA / Aaa		2,170,946
Local Agency Investment Funds	Not Rated		39,509,599
City Pooled Cash and Investments (including \$2,284,653 from Fiduciary Funds)			\$ 935,292,842
	Credit Ratings S&P/Moody's	Fair Value	Total
City Cash and Investments with Fiscal Agents:			
Treasury Obligation and Money Market Mutual Funds	Not Rated	\$ 1,259,338	
Open-Ended Mutual Funds (Fixed Income/Equity)	Not Rated	14,506,183	
Total City Cash and Investments with Fiscal Agents			\$ 15,765,521
Fiduciary Funds Cash and Investments Outside of City Treasury Pool			
Cash Equivalent Mutual Funds/Accounts	Not Rated	\$ 2,722,573	
Local Agency Investment Funds	Not Rated	287,261	
Fiduciary Fund Deposits and Investments not in the City Treasury Pool			\$ 3,009,834
Fiduciary Funds Cash and Investments Held by Fiscal Agent			
Cash Equivalent Mutual Funds/Accounts	Not Rated	\$ 462,499	
Open-End Mutual Funds (Fixed Income/Equity)	Not Rated	146,383,402	
Guaranteed Investment Contracts	Not Rated	1,748,140	
Fiduciary Fund Deposits and Investments not in the City Treasury Pool			\$ 148,594,041
			(concluded)

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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, 2023 are as follows:

	Maturity (in years)				Total
	1 year or less	1 to 2 years	2 to 5 years	5 to 10 years	Fair Value
Investments Held by the City:					
Corporate Notes:					
Amazon	\$ -	\$ -	\$ 8,981,280	\$ -	\$ 8,981,280
Apple	-	-	9,424,588	-	9,424,588
Bank of America Corp	-	5,679,318	6,162,468	-	11,841,786
Bank of Montreal	-	5,308,825	2,644,749	-	7,953,574
Bank of New York	-	-	4,132,184	-	4,132,184
Bank of NY Mellon	-	5,924,577	-	-	5,924,577
Berkshire Hathaway	-	-	5,984,640	-	5,984,640
Caterpillar Fini Service Note	-	11,583,670	-	-	11,583,670
Charles Schwab Corp	4,794,803	-	4,998,402	-	9,793,205
Costco Wholesale Corp	-	-	5,032,149	-	5,032,149
John Deere Capital	-	-	3,996,668	-	3,996,668
JP Morgan Chase & Co	-	9,497,030	1,872,068	-	11,369,098
Mass Mutual Global	-	-	4,545,575	-	4,545,575
Merck & Co	-	-	4,721,484	-	4,721,484
Morgan Stanley	-	-	7,663,692	-	7,663,692
New York Life Global	-	-	3,916,794	-	3,916,794
Northern Trust Company	-	-	2,866,035	-	2,866,035
Paccar Financial	-	5,058,289	2,508,463	-	7,566,752
Procter & Gamble Co	-	-	9,147,950	-	9,147,950
Prologis LP	-	-	9,351,518	-	9,351,518
Realty income Corp	-	-	10,220,310	-	10,220,310
Royal Bank of Canada	-	3,398,243	4,709,061	-	8,107,304
Salesforce.com Inc	-	6,187,337	-	-	6,187,337
Target Corp	-	-	3,519,805	-	3,519,805
Toronto Dominion Bank	-	3,393,323	6,304,603	-	9,697,926
Toyota Motor	-	5,258,463	6,115,787	-	11,374,250
Truist Bank	-	6,973,414	-	-	6,973,414
United Health Group	-	-	4,412,381	-	4,412,381
US Bank	-	8,946,261	-	-	8,946,261
Wal-Mart Stores	-	-	1,437,453	-	1,437,453
ABS (Asset Back-Securities)	-	18,398,601	51,616,850	-	70,015,451
CMO (FHLMC)	6,169,454	5,291,743	68,163,293	-	79,624,490
Municipal Bonds	-	4,303,827	-	-	4,303,827
Supranational Securities	-	-	17,235,968	-	17,235,968
Federal Farm Credit Bank	-	-	9,887,450	-	9,887,450
Federal Home Loan Bank	21,724,583	9,085,021	5,150,871	-	35,960,475
Federal Home Loan Mortgage Corporation	9,025,768	14,381,444	19,094,883	-	42,502,095
Federal National Mortgage Association	15,197,365	24,913,726	30,461,930	-	70,573,021
Tennessee Valley Authority	-	-	4,692,190	-	4,692,190
U. S. Treasuries	61,682,287	66,574,398	163,715,476	-	291,972,161
Cash Equivalent Mutual Funds/Accounts	2,170,947	-	-	-	2,170,947
Local Agency Investment Funds	39,509,599	-	-	-	39,509,599
Total	\$ 160,274,806	\$ 220,157,510	\$ 504,689,018	\$ -	\$885,121,334

(continued)

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

City Investments Held by Fiscal Agents:

Treasury Obligation Mutual Funds	\$	1,259,338	-	-	-	1,259,338
Open-Ended Mutual Funds (Fix Income)		7,028,480	-	-	-	7,028,480
Open-Ended Mutual Funds (Equity)		7,477,703	-	-	-	7,477,703
Total	\$	15,765,521	\$ -	\$ -	\$ -	\$ 15,765,521

Fiduciary Fund Investments Outside of City Treasury Pool

Cash Equivalent Mutual Funds/Accounts	\$	2,722,573	\$ -	\$ -	\$ -	\$ 2,722,573
Local Agency Investment Funds		287,261	-	-	-	287,261
Total	\$	3,009,834	\$ -	\$ -	\$ -	\$ 3,009,834

Fiduciary Fund Investments Held by Fiscal Agent

Cash Equivalent Mutual Funds/Accounts	\$	462,499	\$ -	\$ -	\$ -	\$ 462,499
Local Agency Investment Funds		-	-	-	-	-
Open-End Mutual Funds (Fixed Income)		56,374,659	-	-	-	56,374,659
Open-End Mutual Funds (Equity)		90,008,743	-	-	-	90,008,743
Guaranteed Investment Contracts		-	-	-	1,748,140	1,748,140
Total	\$	146,845,901	\$ -	\$ -	\$ 1,748,140	\$ 148,594,041

(concluded)

Custodial Credit Risk – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires California depositories to secure the City’s cash deposits by pledging securities as collateral. This Code states that collateral pledged in this manner shall have the effect of perfecting a security interest in such collateral superior to those of a general creditor. Thus, collateral for cash deposits is considered to be held in the City’s name. The fair value of pledged securities must equal at least 110% of the City’s cash deposits. California law also allows institutions to secure the City’s deposits by pledging first trust deed mortgage notes having a value of 150% of the City’s total cash deposits or letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% in excess of the total amount of deposits.

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. To mitigate this risk, all the City’s investments in securities are held in the name of the City. The City’s custodial agreement policy prohibits counterparties holding securities not in the City’s name.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023**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, 2023, investments in the following issuers represented 5% or more of investments in the City Treasury pool.

Issuer	Amount
Federal National Mortgage Association	\$ 70,573,021
Asset-Backed Securities	70,015,451
Collateralized Mortgage Obligations-FHLMC	79,624,491
Total	<u>\$ 220,212,963</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, 2023

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

According to the LAIF Performance Report for the quarter ending June 30, 2023, the weighted average life of the securities in the pooled investment program administered by the State Treasurer’s Office was 260 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, 2023, by multiplying its account balance with LAIF by the fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants’ total aggregate fair value by total aggregate amortized cost resulting in a factor of 0.984828499.

LAIF is part of the State’s Pooled Money Investment Account (PMIA). The total balance of the PMIA is approximately \$178.4 billion as of June 30, 2023. Of that amount, 98.87% was invested in nonderivative financial products and 1.13% in structured notes and asset backed securities.

NOTE 4 – RECEIVABLES

Government Wide Financial Statements

At June 30, 2023, the government-wide financial statements show the following current receivables net of allowances for uncollectible amounts:

	Governmental Activities	Business-Type Activities	Total
Unrestricted:			
Accounts	\$ 1,025,798	\$ 27,827,642	\$ 28,853,440
Taxes	10,449,165	-	10,449,165
Interest	1,679,344	1,373,934	3,053,278
Other	594,664	1,175,742	1,770,406
Allowance	(318,768)	(1,895,578)	(2,214,346)
Total Unrestricted	13,430,203	28,481,740	41,911,943
Restricted:			
Accounts	160,900	-	160,900
Interest	1,396,993	-	1,396,993
Other	945,303	-	945,303
Total Restricted	2,503,196	-	2,503,196
Total Current Receivables, Net	\$ 15,933,399	\$ 28,481,740	\$ 44,415,139

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 4 – RECEIVABLES, Continued

Fund Financial Statements

At June 30, 2023, 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	\$ 1,172,799	\$ 10,449,166	\$ 1,054,704	\$ 450,184	\$ (318,768)	\$ 12,808,085
Housing	-	-	401,688	37,220	-	438,908
Park Dedication	-	-	547,785	22,700	-	570,485
City Projects	-	-	294,298	33,493	-	327,791
Infrastructure Renovation and Replacement	-	-	365,873	-	-	365,873
Capital Project Civic Center	-	-	4,523	-	-	4,523
Nonmajor Governmental	-	-	136,848	857,117	-	993,965
Total Governmental Funds	<u>\$ 1,172,799</u>	<u>\$ 10,449,166</u>	<u>\$ 2,805,719</u>	<u>\$ 1,400,714</u>	<u>\$ (318,768)</u>	<u>\$ 15,509,630</u>
Proprietary Funds:						
Water Supply and Distribution	\$ 10,224,935	\$ -	\$ 457,739	\$ 796	\$ (682,720)	\$ 10,000,750
Wastewater Management	8,606,764	-	502,485	-	(536,899)	8,572,350
Solid Waste Management	8,980,705	-	104,114	5,553	(675,959)	8,414,413
SMART Station	-	-	915	1,158,565	-	1,159,480
Development	15,238	-	308,681	-	-	323,919
Golf and Tennis Operations	-	-	-	10,828	-	10,828
Internal Service Funds	13,899	-	270,617	139,253	-	423,769
Total Proprietary Funds	<u>\$ 27,841,541</u>	<u>\$ -</u>	<u>\$ 1,644,551</u>	<u>\$ 1,314,995</u>	<u>\$ (1,895,578)</u>	<u>\$ 28,905,509</u>
Fiduciary Funds:						
OPEB Trust Fund	\$ 10,032	\$ -	\$ -	\$ 1,452	\$ -	\$ 11,484
Private-Purpose Trust Funds	-	-	3,464	12,453,878	-	12,457,342
Custodial Funds	-	-	52,947	-	-	52,947
Total Fiduciary Funds	<u>\$ 10,032</u>	<u>\$ -</u>	<u>\$ 56,411</u>	<u>\$ 12,455,330</u>	<u>\$ -</u>	<u>\$ 12,521,773</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023**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, 2023, the City had intergovernmental receivables in the following major funds and nonmajor funds in the aggregate:

Governmental Activities:***Governmental Funds:***

General Fund	\$ 1,678,400
City Projects Fund	3,576,133
Infrastructure Renovation and Replacement Fund	1,000,000
Nonmajor Funds	<u>5,526,958</u>

Total Governmental Activities	<u>\$ 11,781,491</u>
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Business-Type Activities:

Wastewater Management Enterprise Fund	\$ 4,656
Solid Waste Management Enterprise Fund	<u>192,721</u>

Total Business-Type Activities	<u>\$ 197,377</u>
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NOTE 6 – LONG-TERM RECEIVABLES FROM EMPLOYEES

In 1981, the City Council established a mortgage loan program for Council-appointed officers and department heads. The program was designed to keep the cost of housing from limiting the number of qualified applicants for senior executive positions. All loans are secured by a deed of trust, carry interest at rates ranging from 0.76% to 1.14%, and have repayment terms of 45 years. At June 30, 2023, the City had three loans to City employees in the amount of \$576,165 and \$3,166,155 reported under the General Fund and the Employee Payroll & Benefits Internal Service Fund, respectively, which totaled to \$3,742,320.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 7 – HOUSING LOANS RECEIVABLE

The maturity schedule for the housing loans receivable reported in the governmental activities as of June 30, 2023 were as follows:

Maturity Date	Community Development	HOME	Housing	Other	
Year Ending June 30,	Block Grant	Grant	Mitigation	Housing	Total
2023	\$ 517,729	\$ -	\$ -	\$ -	\$ 517,729
2024	99,536	1,421,932	-	-	1,521,468
2026	204,641	-	-	-	204,641
2027	166,764	-	-	-	166,764
2028-2032	338,810	982,489	1,046,968	-	2,368,267
2033-2037	2,795,847	167,624	230,758	348,745	3,542,974
2038-2042	2,241,395	1,974,992	2,339,342	112,541	6,668,270
2043-2047	4,473,076	2,135,320	328,961	-	6,937,357
2048-2052	286,787	-	669,220	511,209	1,467,216
2053-2057	1,057,119	667,263	1,013,367	-	2,737,749
2058-2062	512,835	-	-	-	512,835
2063-2067	62,598	285,792	6,600,000	-	6,948,390
2068-2072	-	2,487,696	17,793,084	-	20,280,780
2073-2077	-	2,636,688	12,213,048	-	14,849,736
2078-2082	-	507,283	18,351,211	-	18,858,494
Due Upon Sale or Transfer of Property	315,831	-	-	-	315,831
	13,072,968	13,267,079	60,585,959	972,495	87,898,501
Less: Allowance for Uncollectibles	(261,459)	(265,342)	(1,211,719)	(19,450)	(1,757,970)
Housing Loans Receivables, Net at June 30, 2023	<u>\$ 12,811,509</u>	<u>\$ 13,001,737</u>	<u>\$ 59,374,240</u>	<u>\$ 953,045</u>	<u>\$ 86,140,531</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, 2023

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, 2023, the City has unearned revenue in the amount of \$1,041,564 and \$47,971 reported under the governmental activities and business-type activities, respectively, which totaled to \$1,089,535.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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	\$ 108,598,684	\$ 21,476,042
Deferred Outflows of Resources Related to OPEB	19,969,092	6,693,651
Total Deferred Outflows of Resources	<u>\$ 128,567,776</u>	<u>\$ 28,169,693</u>

Deferred Inflows of Resources	Governmental Activities	Business-Type Activities
Imposed Nonexchange Revenue:		
Business License Tax Received for Next Period	\$ 963,848	\$ -
Gain on Debt Refunding	-	61,216
Service Concession Arrangement	-	182,033
Leases	11,477,353	5,748,495
Deferred Inflows of Resources Related to Pensions	1,215,968	-
Deferred Inflows of Resources Related to OPEB	19,317,794	5,296,426
Total Deferred Outflows of Resources	<u>\$ 32,974,963</u>	<u>\$ 11,288,170</u>

Fund Financial Statements

At June 30, 2023, the following items were recorded in the governmental fund financial statements as deferred inflows of resources:

	General Fund	Housing Special Revenue	Infrastructure Renovation and Replacement	Capital Projects	Nonmajor Governmental	Total
Interest - Interfund Advances	\$ 7,037,209	\$ -	\$ -	\$ -	\$ -	\$ 7,037,209
Interest on Loans to City Employees	38,063	-	-	-	-	38,063
Proposition 172 Revenue	162,951	-	-	-	-	162,951
Intergovernmental Cost Reimbursements	1,523,402	-	-	-	-	1,523,402
Interest - Housing Loans	-	5,351,783	-	-	-	5,351,783
Unavailable Grant Revenues	-	-	1,000,000	814,052	8,158,844	9,972,896
Leases	9,288,043	-	-	2,189,309	-	11,477,352
Business License Tax Revenue	963,848	-	-	-	-	963,848
Total	<u>\$ 19,013,516</u>	<u>\$ 5,351,783</u>	<u>\$ 1,000,000</u>	<u>\$ 3,003,361</u>	<u>\$ 8,158,844</u>	<u>\$ 36,527,504</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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	\$ 7,037,210
Amount owed to Business-Type Activities for internal service fund activities	(3,148,015)
Total	\$ 3,889,195

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	\$ 145,000
	Nonmajor Governmental	2,964,535
Housing Special Revenue Fund	Nonmajor Governmental	361,702
	Total	\$ 3,471,237

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	\$ 3,989,206
	Solid Waste Management	3,048,004
	Total	\$ 7,037,210

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 10 – INTERNAL BALANCES/INTERFUND BALANCES, Continued

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

During the fiscal year ended June 30, 1981, the General Fund advanced to the Wastewater Management Fund \$10,700,000 for the purpose of remodeling the primary facilities of the wastewater treatment plant and expanding the plant capacity from 22.5 million gallons per day to 29.5 million gallons per day. During fiscal year 1996, the General Fund advanced an additional \$2,453,635 to the Wastewater Management Fund for cash flow purposes. Starting from fiscal year 2018, the interest rate charged to the Wastewater Management Fund on advances reduces from 7% to rates ranging from 1.25% to 3%. During the current fiscal year, repayment of \$949,615 was made to the General Fund. Annual repayments are budgeted as follows: \$949,615 annually from fiscal year 2024 to fiscal year 2027, and \$517,050 in fiscal year 2028 to pay off the remaining balance. At June 30, 2023, total loan balance was \$3,989,206.

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 current fiscal year, repayment of \$3,470,202 was made to the General Fund. Annual repayments are budgeted as follows: \$3,048,004 in fiscal year 2024 to pay off the remaining balance. At June 30, 2023, total loan principal balance was \$3,048,004.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 11 – CAPITAL ASSETS

Modified Approach for Street Pavement System

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

Donated Capital Assets

During this fiscal year, the City received developers' capital asset contributions with estimated acquisition value approximating \$11.6 million for governmental activities and \$3.9 million for business-type activities.

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

	Balance July 1, 2022 (as restated)	Additions	Retirements	Transfers	Balance June 30, 2023
Nondepreciable Assets:					
Land	\$ 190,736,200	\$ 3,587,400	\$ -	\$ -	\$ 194,323,600
Construction in Progress	233,610,870	25,132,633	-	(156,987,516)	101,755,987
Infrastructure - Streets	174,656,516	5,874,500	-	-	180,531,016
Total Nondepreciable Assets	599,003,586	34,594,533	-	(156,987,516)	476,610,603
Depreciable Assets:					
Buildings and Structures	123,184,414	22,083,696	(14,141,503)	131,316,907	262,443,514
Improvements Other than Buildings	171,925,418	869,034	(1,135,064)	24,180,638	195,840,026
Machinery and Equipment	53,885,448	5,314,918	(531,272)	106,971	58,776,065
Infrastructure	107,255,816	2,113,500	-	1,383,000	110,752,316
Total Depreciable Assets	456,251,096	30,381,148	(15,807,839)	156,987,516	627,811,921
Accumulated Depreciation:					
Buildings and Structures	(73,412,751)	(2,731,256)	13,764,839	-	(62,379,168)
Improvements Other than Buildings	(71,740,499)	(5,170,878)	793,628	-	(76,117,749)
Machinery and Equipment	(34,771,628)	(3,157,766)	490,298	-	(37,439,096)
Infrastructure	(71,153,099)	(2,104,734)	-	-	(73,257,833)
Total Accumulated Depreciation	(251,077,977)	(13,164,634)	15,048,765	-	(249,193,846)
Depreciable Assets, Net	205,173,119	17,216,514	(759,074)	156,987,516	378,618,075
Amortized Assets:					
Intangible-right to use assets	4,577,541	2,107,339	-	-	6,684,880
Less accumulated amortization	-	(1,463,892)	-	-	(1,463,892)
Amortized Assets, Net	4,577,541	643,447	-	-	5,220,988
Total Governmental Activities Capital Assets, Net	\$ 808,754,246	\$ 52,454,494	\$ (759,074)	\$ -	\$ 860,449,666

During the year ended June 30, 2023, the City's governmental activities expended \$25.1 million for construction in progress including \$9.4 million for the construction of the new Civic Center.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 11 – CAPITAL ASSETS, Continued

Governmental activities' depreciation expense for capital assets for the year ended June 30, 2023, are as follows:

Public Safety	\$ 757,539
Planning and Management	52,438
Community Development	2,338,464
Public Works	6,163,538
Environmental Services	217,171
Library and Recreation Services	1,080,826
Internal Service Funds	4,018,550
Total Depreciation/Amortization Expense	\$ 14,628,526

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

	Balance July 1, 2022	Additions	Retirements	Transfers	Balance June 30, 2023
Nondepreciable Assets:					
Land	\$ 16,469,169	\$ -	\$ -	\$ -	\$ 16,469,169
Construction in Progress	193,289,995	41,215,026	-	(4,442,556)	230,062,465
Total Nondepreciable Assets	209,759,164	41,215,026	-	(4,442,556)	246,531,634
Depreciable Assets:					
Buildings and Structures	23,437,545	-	-	-	23,437,545
Improvements Other than Buildings	50,613,677	-	-	(1,837,467)	48,776,210
Machinery and Equipment	8,217,129	532,399	(172,320)	-	8,577,208
Infrastructure	217,044,288	10,260,512	-	6,280,023	233,584,823
Total Depreciable Assets	299,312,639	10,792,911	(172,320)	4,442,556	314,375,786
Accumulated Depreciation:					
Buildings and Structures	(22,874,302)	(67,909)	-	-	(22,942,211)
Improvements Other than Buildings	(42,482,574)	(501,617)	-	-	(42,984,191)
Machinery and Equipment	(6,819,544)	(273,761)	163,973	-	(6,929,332)
Infrastructure	(111,814,637)	(5,774,675)	-	-	(117,589,312)
Total Accumulated Depreciation	(183,991,057)	(6,617,962)	163,973	-	(190,445,046)
Depreciable Assets, Net	115,321,582	4,174,949	(8,347)	4,442,556	123,930,740
Amortized Assets:					
Intangible-right to use assets	902,090	-	-	-	902,090
Less accumulated amortization	(72,159)	(143,187)	-	-	(215,346)
Amortized Assets, Net	829,931	(143,187)	-	-	686,744
Total Business-Type Activities Capital Assets, Net	\$ 325,910,677	\$ 45,246,788	\$ (8,347)	\$ -	\$ 371,149,118

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 11 – CAPITAL ASSETS, Continued

During the year ended June 30, 2023, the City’s business-type activities expended \$41.2 million for construction in progress including \$38.9 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 and amortization expenses for capital assets for the year ended June 30, 2023 are as follows:

Water Supply and Distribution	\$ 2,723,234
Wastewater Management	3,468,645
Solid Waste Management	178,784
SMaRT Station	91,927
Development	3,161
Golf and Tennis Operations	295,398
Total Depreciation/Amortization Expense	<u>\$ 6,761,149</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 12 – NONCURRENT LIABILITIES

The following is a summary of changes in long-term liabilities during the fiscal year ended June 30, 2023:

Description	Beginning Balance, July 1, 2022 (as restated)	Additions	Reductions	Bond Amortization	Ending Balance, June 30, 2023	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:							
Lease Financing/Certificates of Participation:							
1998 Parking Facility Lease	\$ 1,250,000	\$ -	\$ (1,250,000)	\$ -	\$ -	\$ -	\$ -
2020 Civic Center Lease	149,795,495	-	-	(625,058)	149,170,437	2,455,000	146,715,437
Other:							
Risk Management: Self Insurance and							
Contingent Liability	22,868,000	4,158,159	(4,184,159)	-	22,842,000	5,382,950	17,459,050
Subscriptions	4,577,541	2,107,339	(1,732,487)	-	4,952,393	1,526,265	3,426,128
Compensated Absences	20,696,533	17,564,336	(16,406,722)	-	21,854,147	14,689,071	7,165,076
Total Governmental Activities	\$ 199,187,569	\$ 23,829,834	\$ (23,573,368)	\$ (625,058)	\$ 198,818,977	\$ 24,053,286	\$ 174,765,691
Business-Type Activities:							
Revenue Bonds:							
Water Nontaxable Series 2017A	\$ 13,381,253	\$ -	\$ -	\$ (77,254)	\$ 13,303,999	\$ -	\$ 13,303,999
Water Taxable Series 2017A-T	2,405,000	-	(560,000)	-	1,845,000	575,000	1,270,000
Wastewater Nontaxable Series 2017A	15,870,003	-	-	(103,380)	15,766,623	-	15,766,623
Wastewater Taxable Series 2017A-T	4,095,000	-	(1,250,000)	-	2,845,000	1,285,000	1,560,000
Debt from Direct Borrowings and Direct Placements:							
Clean Water State Revolving Fund	112,011,423	4,367,043	-	-	116,378,466	3,005,970	113,372,496
WIFIA Loan	2,185,683	10,710,896	-	-	12,896,579	-	12,896,579
Other:							
Service Concession Arrangement							
Maintenance Liability	1,295,214	-	(70,781)	-	1,224,433	139,935	1,084,498
Leases Liability (Note 14)	828,493	-	(129,417)	-	699,076	134,320	564,756
Landfill Postclosure							
Care Costs	6,908,719	1,334,364	(850,754)	-	7,392,329	896,192	6,496,137
Total Business-Type Activities	\$ 158,980,788	\$ 16,412,303	\$ (2,860,952)	\$ (180,634)	\$ 172,351,505	\$ 6,036,417	\$ 166,315,088

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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
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	1,845,000	Aa1	AA+
Wastewater Revenue Bonds, Nontaxable Series 2017A	14,035,000	Aa1	AA+
Wastewater Revenue Bonds, Taxable Series 2017A-T	2,845,000	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 payments for the 1998 Parking Certificates of Participation were paid off as of June 30, 2023.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 12 – NONCURRENT LIABILITIES, Continued

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

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

The debt service requirements for the bonds at June 30, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 2,455,000	\$ 5,055,425	\$ 7,510,425
2025	2,580,000	4,932,675	7,512,675
2026	2,680,000	4,829,475	7,509,475
2027	2,790,000	4,722,275	7,512,275
2028	2,900,000	4,610,675	7,510,675
2029-2033	16,340,000	21,217,775	37,557,775
2034-2038	19,880,000	17,677,575	37,557,575
2039-2043	24,190,000	13,370,175	37,560,175
2044-2048	29,425,000	8,129,375	37,554,375
2049-2052	27,960,000	2,083,150	30,043,150
	<u>\$ 131,200,000</u>	<u>\$ 86,628,575</u>	<u>\$ 217,828,575</u>
Add Unamortized Premium	17,970,437	-	17,970,437
Total	<u>\$ 149,170,437</u>	<u>\$ 86,628,575</u>	<u>\$ 235,799,012</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	-	\$ 521,350	\$ 521,350
2025	-	521,350	521,350
206	-	521,350	521,350
2027	565,000	521,350	1,086,350
2028	660,000	493,100	1,153,100
2029-2033	3,835,000	1,935,500	5,770,500
2034-2038	4,775,000	992,450	5,767,450
2039-2040	2,175,000	131,400	2,306,400
	<u>12,010,000</u>	<u>5,637,850</u>	<u>17,647,850</u>
Add Unamortized Premium	1,293,999	-	1,293,999
Total	<u>\$ 13,303,999</u>	<u>\$ 5,637,850</u>	<u>\$ 18,941,849</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, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 1,845,000</u>	<u>\$ 120,469</u>	<u>\$ 1,965,469</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	-	\$ 632,000	\$ 632,000
2025	-	632,000	632,000
2026	1,135,000	632,000	1,767,000
2027	1,435,000	575,250	2,010,250
2028	660,000	503,500	1,163,500
2029-2033	3,830,000	1,988,000	5,818,000
2034-2038	4,785,000	1,027,600	5,812,600
2039-2040	2,190,000	132,200	2,322,200
	<u>14,035,000</u>	<u>6,122,550</u>	<u>20,157,550</u>
Add Unamortized Premium	1,731,623	-	1,731,623
Total	<u>\$ 15,766,623</u>	<u>\$ 6,122,550</u>	<u>\$ 21,889,173</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, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 2,845,000</u>	<u>\$ 144,031</u>	<u>\$ 2,989,031</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 12 – NONCURRENT LIABILITIES, Continued

Events of Default and Acceleration Clauses

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

Direct Borrowings and Placements of Debt

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

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

In April 2017, the City executed a loan agreement with the California State Water Resources Control Board (SWRCB) to secure \$127,068,522 in funding from the Clean Water State Revolving Fund (CWSRF) for the Water Pollution Control Plant Rehabilitation - Headworks and Primary Treatment Facilities Phase 1(A) Project. The first \$4 million requested was applied towards the contingent capitalization grant principal forgiveness funds and the amount was immediately forgiven. The term of this agreement is from December 9, 2016 to December 31, 2052. As of June 30, 2023, the City has drawn down \$116,378,466. At June 30, 2023, the City has an outstanding unused line of credit in the net amount of \$6,690,056. The loan includes an interest rate of \$1.7%, calculated from the date that loans are disbursed. Loans are amortized over a period of 30 years. The final payment schedule will be forwarded to the City after all loan disbursements have been made and construction of the project has been completed.

The debt service requirements for the loan at June 30, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,005,970	\$ 1,978,434	\$ 4,984,404
2025	3,057,071	1,927,332	4,984,403
2026	3,109,042	1,875,362	4,984,404
2027	3,161,895	1,822,509	4,984,404
2028	3,215,648	1,768,756	4,984,404
2029-2033	16,917,053	8,004,966	24,922,019
2034-2038	18,404,732	6,517,287	24,922,019
2039-2043	20,023,235	4,898,785	24,922,020
2044-2048	21,784,069	3,137,950	24,922,019
2049-2053	23,699,751	1,222,268	24,922,019
Total	<u>\$ 116,378,466</u>	<u>\$ 33,153,649</u>	<u>\$ 149,532,115</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 12 – NONCURRENT LIABILITIES, Continued

Direct Borrowings and Placements of Debt

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

The City executed a Water Infrastructure Finance Innovation Act (WIFIA) loan agreement with the U.S. Environmental Protection Agency (EPA) up to the amount of \$220,638,995. The WIFIA loan will fund the rehabilitation of the City of Sunnyvale Water Pollution Control Plant existing facilities, construction of new secondary treatment facilities, and reconstruction of support facilities that are necessary to operate the plant. The WIFIA loan allowed the City either to draw down funds of construction or, if economically feasible, issue lower cost bond anticipation notes. The loan has an annual interest rate of 1.56% and a term of 35 years after the completion of the construction period. The interest amount will be capitalized during the construction period. The WIFIA loan payments will be made in semi-annual installments, commencing on October 1, 2054 with final maturity on October 1, 2059. At June 30, 2023, the outstanding loan balance is \$12,896,579.

The debt service requirements for the loan at June 30, 2023 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ -	\$ -	\$ -
2025	-	-	-
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029-2033	-	804,748	804,748
2034-2038	-	1,005,935	1,005,935
2039-2043	-	1,005,935	1,005,935
2044-2048	-	1,005,935	1,005,935
2049-2053	-	1,005,935	1,005,935
2054-2058	9,558,846	711,559	10,270,405
2059-2060	3,337,733	52,204	3,389,937
Total	<u>\$ 12,896,579</u>	<u>\$ 5,592,251</u>	<u>\$ 18,488,830</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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, 2023 by activity are listed below:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 2,455,000	\$ 5,055,425	\$ 4,865,970	\$ 3,276,851
2025	2,580,000	4,932,675	4,977,071	3,169,006
2026	2,680,000	4,829,475	5,089,042	3,057,695
2027	2,790,000	4,722,275	5,226,895	2,921,235
2028	2,900,000	4,610,675	4,535,648	2,765,356
2029-2033	16,340,000	21,217,775	24,582,053	12,733,214
2034-2038	19,880,000	17,677,575	27,964,732	9,543,272
2039-2043	24,190,000	13,370,175	24,388,235	6,168,320
2044-2048	29,425,000	8,129,375	21,784,069	4,143,885
2049-2053	27,960,000	2,083,150	23,699,751	2,228,203
2054-2058	-	-	9,558,846	711,559
2059-2060	-	-	3,337,733	52,204
Subtotal	131,200,000	86,628,575	160,010,045	50,770,800
Add Unamortized Premium	17,970,437	-	3,025,622	-
Total	\$ 149,170,437	\$ 86,628,575	\$ 163,035,667	\$ 50,770,800

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 12 – NONCURRENT LIABILITIES, Continued

Subscription-Based Information Technology Arrangements

In fiscal year 2023, the City implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which required the City to record an intangible right-to-use subscription asset. As a result, a right-to-use subscription asset was recorded in the amount of \$6,684,880. As of June 30, 2023, the City has recorded a net intangible right-to use subscription asset amounting to \$5,220,989, with accumulated amortization of \$1,463,891. The subscription asset is offset with a subscription liability as discussed in Note 1.

A summary of subscription-based information technology arrangements (SBITA) transactions for the fiscal year ended June 30, 2023, are as follows:

Subscription Liabilities	Balance July 1, 2022 (as restated)	Additions	Retirements	Balance June 30, 2023	Current Portion
Library BiblioCommons SAAS product	\$ -	\$ 158,831	\$ (31,499)	\$ 127,332	\$ 29,080
Teller POS system	331,599	-	(44,463)	287,137	40,924
Utility Billing Software	207,936	-	(101,005)	106,932	106,932
Oracle Fusion	2,430,487	-	(424,307)	2,006,180	379,424
govAccess	196,276	-	(37,240)	159,036	35,438
Sierra Cloud	175,028	-	(55,341)	119,687	57,669
Energov permitting system	755,530	-	(257,601)	497,929	246,129
Microsoft 365	-	1,948,508	(722,516)	1,225,992	582,847
Laserfiche Electronic Records Management System	480,684	-	(58,516)	422,168	47,822
Total	\$ 4,577,541	\$ 2,107,339	\$ (1,732,487)	\$ 4,952,393	\$ 1,526,264

At June 30, 2023, the subscription liabilities balance was \$4,952,393. The annual debt service requirement for subscription liabilities is as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2024	\$1,526,264	\$132,384	\$1,658,649
2025	1,508,718	92,676	1,601,394
2026	571,593	53,072	624,665
2027	592,153	37,347	629,500
2028	529,149	21,066	550,215
2029-2033	224,516	11,095	235,611
Total	\$ 4,952,393	\$ 347,641	\$ 5,300,034

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 12 – NONCURRENT LIABILITIES, Continued

Significant Subscription Arrangements

On September 1, 2018, the City entered into a 10-year SSBITA for subscription services for Oracle Fusion Enterprise Resource Planning system. An initial subscription liability was recorded in the amount of \$2,430,487 during fiscal year 2023, at the time GASB 96 was implemented.

As of June 30, 2023, the value of the subscription liability was \$2,006,180. The City is required to make annual principal and interest payments throughout the life of the subscription. The subscription has an annual interest rate of 2.81%. As part of the subscription, the City has recorded an intangible right to use subscription asset and accumulated amortization as disclosed in Note 11.

On November 1, 2022, the City entered into a 3 year and 4 month SBITA for subscription services for Microsoft 365. An initial subscription liability was recorded in the amount of \$1,948,508 during fiscal year 2023, at the time the subscription was placed into service.

As of June 30, 2023, the value of the subscription liability was \$1,225,992. The City is required to make annual principal and interest payments throughout the life of the subscription. The subscription has an annual interest rate of 2.61%. As part of the subscription, the City has recorded an intangible right to use subscription asset and accumulated amortization as disclosed in Note 11.

Risk Management

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

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

The City has \$40,000,000 in excess general liability coverage, subject to \$1,000,000 self-insured retention (SIR) for each occurrence, through the California Joint Powers Risk Management Authority (CJPRMA), a risk-sharing pool. CJPRMA is a joint powers authority created by certain California cities and other joint powers authorities to provide a pooled approach for liability coverage. The CJPRMA is governed by a board of directors composed of officials appointed by each member agency. The activities of the CJPRMA include setting and collecting premiums, administering and paying claims and related expenses, and investing assets.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 12 – NONCURRENT LIABILITIES, Continued

Each member is assessed a contribution based on actuarially determined rates, which is intended to cover the CJPRMA's claims, operating costs and claim settlement expenses. Additional cash contributions may be assessed on the basis of adverse loss experiences. The CJPRMA maintains members' equity accounts for each pool member. Losses and expenses are paid from these pools up to the limit of coverage subject to the self-insured retention. Most recent financial statements for CJPRMA may be obtained from the CJPRMA website.

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

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

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 12 – NONCURRENT LIABILITIES, Continued

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

	<u>2023</u>	<u>2022</u>
General:		
Liability at beginning of fiscal year	\$ 3,358,000	\$ 3,367,000
Claims paid	(1,350,527)	(818,656)
Current fiscal year claims and changes in estimated liability	<u>837,527</u>	<u>809,656</u>
Liability at end of fiscal year	<u><u>\$ 2,845,000</u></u>	<u><u>\$ 3,358,000</u></u>
Workers' Compensation:		
Liability at beginning of fiscal year	\$ 19,510,000	\$ 18,866,000
Claims paid	(2,833,632)	(3,551,238)
Current fiscal year claims and changes in estimated liability	<u>3,320,632</u>	<u>4,195,238</u>
Liability at end of fiscal year	<u><u>\$ 19,997,000</u></u>	<u><u>\$ 19,510,000</u></u>
Total Estimated Claims Payable	<u><u>\$ 22,842,000</u></u>	<u><u>\$ 22,868,000</u></u>

Since the loss and the loss adjustment expense payments associated with the claims liabilities will be spread over several years, the liabilities are discounted to reflect anticipated investment on assets set aside to pay these costs. The claims liabilities are reported at present value, which have been computed using a discount rate of \$2.0% through 2031, and 2.5% for 2032 and beyond.

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

Compensated Absences

Accrued paid time off, compensatory time, and other paid leave are recorded in the Employee Payroll & Benefits Internal Service Fund. Sick leave for employees does not vest. The total amount of the liability at June 30, 2023 was \$21,854,147. 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, 2023

NOTE 12 – NONCURRENT LIABILITIES, Continued

Landfill Postclosure Care Costs

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

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

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

At June 30, 2023, liability in the amount of \$7,392,329 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, 2023. However, the actual cost of postclosure care and corrective action may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

Non-City Obligations

Community Facilities District

On May 16, 2001, the City issued \$36,000,000 of Special Tax Bonds pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, on behalf of Community Facilities District No. 1 (CFD No. 1). The CFD No. 1 bonds bear interest at 7.65% to 7.75% and mature August 1, 2032. Neither the City's General Fund nor the full faith and credit of the City is pledged for the payment of principal or interest on the CFD No. 1 Bonds. The CFD No. 1 Bonds will be repaid solely from the proceeds of a special tax levied upon all taxable real property in CFD No. 1. The bonds are secured by special taxes on the Sunnyvale Town Center Mall property. The proceeds of the bonds were to be used to finance certain public improvements, primarily two new parking garages. The principal balance of outstanding bonds was \$11,845,000 at June 30, 2023.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 13 – PLEDGED REVENUES

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

Description	2017A Water Revenue Bonds	2017A-T Water Revenue Bonds	2017A Wastewater Revenue Bonds	2017A-T Wastewater Revenue Bonds	2017 State Revolving Fund Loan	2020 WIFIA Loan
Net revenue ¹ pledged	Net revenues of the City's Water System	Net revenues of the City's Water System	Net revenues of the City's Wastewater System	Net revenues of the City's Wastewater System	Net revenues of the City's Wastewater System	Net revenues of the City's Wastewater System
Term of commitment	Until 4/1/2040	Until 4/1/2027	Until 4/1/2040	Until 4/1/2026	Until 12/31/2052	Until 10/1/2059
Purpose of the debt secured by the pledge	To advance refund the 2010 Water Revenue Bonds.	To advance refund the 2010 Water Revenue Bonds.	To advance refund the 2010 Wastewater Revenue Bonds.	To advance refund the 2010 Wastewater Revenue Bonds.	Water Pollution Control Plant Rehabilitation - Headworks and Primary Treatment Facilities Phase 1(A) Project	Water Pollution Control Plant Rehabilitation - Sunnyvale Cleanwater Program Phase 2
Amount of the pledge (remaining debt service principal and interest)	\$17,647,850	\$1,965,469	\$20,157,550	\$2,989,031	\$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)	\$8,427,272		\$25,286,614		\$0	\$0
Debt service-principal and interest-paid during the period ²	\$521,350	\$632,152	\$632,000	\$1,374,916	\$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 \$116,378,466 as of June 30, 2023.

⁴ For the 2020 WIFIA Loan, see Note 15 for details. Amount represents approved loan amount. The City drew \$12,896,579 as of June 30, 2023.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 14 – LEASES

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

City as Lessor

As a lessor, the City entered into lease agreements with lease terms ranging from 3 to 90 years. Most leases include periodic adjustments to the lease amount at determined intervals. For the year ended June 30, 2023, the City received an immaterial amount of variable and other payments from the lease arrangements.

Information about lease revenues and interest revenues recognized during the year ended June 30, 2023, as well as lease receivable and lease related deferred inflows of resources as of June 30, 2023 are as follows:

	General Fund	City Projects	Governmental Activities
Lease revenue for the year	\$ 406,118	\$ 364,885	\$ 771,003
Lease interest revenue for the year	42,098	61,431	103,529
Lease receivable at year end	2,799,878	2,216,788	5,016,666
Deferred inflow of resources at year end	9,288,043	2,189,309	11,477,352

	Solid Waste Management	Golf and Tennis Operations	Business-Type Activities
Lease revenue for the year	\$ 193,052	\$ 239,965	\$ 433,017
Lease interest revenue for the year	75,209	29,346	104,555
Lease receivable at year end	4,389,875	1,560,046	5,949,921
Deferred inflow of resources at year end	4,327,581	1,420,914	5,748,495

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

Fiscal Year Ending June 30,	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 644,855	\$ 98,892	\$ 743,747	\$ 262,986	\$ 96,854	\$ 359,841
2025	670,661	85,308	755,969	354,308	91,929	446,237
2026	639,877	71,351	711,228	367,186	86,374	453,560
2027	540,348	58,045	598,393	342,474	80,664	423,138
2028	549,068	44,855	593,924	239,831	76,105	315,936
2029-2033	1,121,898	109,934	1,231,833	1,311,993	316,948	1,628,941
2034-2038	781,673	34,644	816,317	1,299,027	204,158	1,503,185
2039-2043	68,285	1,360	69,644	1,215,599	96,153	1,311,752
2044-2048	-	-	-	556,517	11,763	568,280
Total	\$ 5,016,666	\$ 504,389	\$ 5,521,055	\$ 5,949,921	\$ 1,060,948	\$ 7,010,869

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 14 – LEASES (Continued)

City as Lessee

On June 1, 2022, the City, as a lessee, entered into a lease agreement with a lease term of 5 years for 80 electric golf carts. The City also entered into a lease agreement with a lease term of 7 years and 10 months for 35.4 acres of land (Sunnyvale Golf Course located at Moffett Field). The intangible right-to-use assets are amortized on a straight-line basis. At June 30, 2023, the intangible right-to-use assets balance was \$686,744.

At June 30, 2023, the lease liabilities balance was \$699,077. The annual debt service requirement for lease liabilities is as follows:

Fiscal Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2024	134,320	19,356	153,677
2025	139,401	14,953	154,354
2026	144,666	10,373	155,039
2027	142,962	5,609	148,572
2028	67,853	2,672	70,525
2029-2033	69,874	1,356	71,231
Total	<u>\$699,077</u>	<u>\$ 54,320</u>	<u>\$753,397</u>

Significant Lease Arrangements

On December 1, 2015, the City, as a lessor, entered into a 30 year lease with Stevens Creek Quarry, Inc. to operate a concrete and asphalt recycling facility at a portion of the Sunnyvale Landfill. The lease provides for annual rent adjustments to reflect changes in the San Francisco/Oakland/San Jose Metropolitan Area Consumer Price Index. As of June 30, 2023 the lease receivable for the Stevens Creek Quarry lease was recorded in the Solid Waste Management Fund in the amount of \$4,389,875.

On June 26, 2013, the City, as a lessor, entered into a 90 year ground lease contract with Midpen Housing Corporation and Charities Housing Development (Tenants) for the Armory site. The site was used to develop and operate an affordable housing complex. The City currently monitors the Tenant's operations to ensure compliance with the City's affordable housing program requirements, which is to continue throughout the term of the ground lease. At the inception of the lease, the City received a lump sum lease payment in the amount of \$7.4 million for the entire term of the lease from the Tenants. The lease payment received in advance is amortized over the life of the lease. The City recognized \$82,222 annually. As of June 30, 2023, the lease receivable and deferred inflow of resources for the Armory site was \$0 and \$6,618,891 in the General Fund, respectively.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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 2022/23, the City paid surcharges (proportional to the amount of water purchased) in the amount of \$1,766,057.

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, 2023

NOTE 15 – COMMITMENTS, Continued

Outstanding Construction Commitments

At June 30, 2023, the City had outstanding construction commitments for the following projects:

Governmental Activities:

Description	Contract	Unpaid
Civic Center Modernization Phase I	\$ 174,116,999	\$ 8,430,000
Fair Oaks Avenue Overhead Bridge Rehabilitation	18,386,003	1,149,510
East Sunnyvale Area Sense of Place	2,899,710	2,899,710
Safe Routes To School	2,777,172	2,730,922
Trffc Sgnl Upgrds@Various Intersections	2,396,000	2,156,580
Slurry Seal 2023-B	1,376,491	1,376,491
Slurry Seal 2023	1,269,107	1,269,107
Advance Dilemma Zone Phase II	1,038,000	292,125
Traffic Signal Construction@Wolfe Rd&Dartshire Wy	910,990	910,990
Pedestrian & Bike Infrastructure Improvements	779,224	231,605
	<u>\$ 205,949,696</u>	<u>\$ 21,447,040</u>

Business-Type Activities:

Description	Contract	Unpaid
WPCP Secondary Treatment & Dewatering	\$ 277,872,751	\$ 261,999,300
WPCP Existing Plant Rehabilitation	64,390,000	64,390,000
SCWP - 2.2.1 Site Preparation Package	27,475,000	15,195,436
City H2O Line Replacement 2021	6,091,315	561,142
	<u>\$ 375,829,066</u>	<u>\$ 342,145,878</u>

Loan Agreement with State Water Resources Control Board

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

In April 2017, the City executed a loan agreement with SWRCB to secure \$127,068,522 in funding from the CWSRF for the Water Pollution Control Plant Rehabilitation head works 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, 2023

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, 2023

NOTE 15 – COMMITMENTS, Continued

Loan Agreement with State Water Resources Control Board Dated September 2022

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

In January 2023, the City executed a loan agreement with SWRCB to secure \$287,800,000 in funding from the CWSRF for the Water Pollution Control Plant Rehabilitation Secondary Treatment and Dewatering Facility 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 City has committed to meet three financial special conditions as follows:

- The City will establish and maintain rates and charges sufficient to generate revenues in the amount necessary to cover operations and maintenance costs and ensure that net revenues are equal to at least 1.20 times the maximum annual debt service during the term of the Agreement.
- This Agreement is on parity to the Wastewater Revenue Bonds, Series 2010 (refunded by the Wastewater Revenue Bonds, Series 2017A and Series 2017 A-T in December 2017), The 2016 Installment Sale Agreement with State Water Resources Control Board (Headworks and Primary Treatment Project No. C-06-8153-110, Agreement No. D16-01024) and the 2020 WIFIA Loan Agreement, Sunnyvale Cleanwater Program Phase 2 (WIFIA-N18121CA). 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 restricted reserve fund equal to one year's debt service, based on a projected annual amount of \$12,149,989, prior to the completion of construction and during the full term of this Agreement.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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, 2023, the required employer contribution rates for miscellaneous and safety plans were 36.19% and 64.24%, respectively.

Employees Covered - At June 30, 2022, the most recent information available, the following employees were covered by the benefit terms:

	Miscellaneous	Safety	Total
Inactive employees or beneficiaries currently receiving benefits	1,212	433	1,645
Inactive employees entitled to but not yet receiving benefits	946	65	1,011
Active employees	660	202	862
	<u>2,818</u>	<u>700</u>	<u>3,518</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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, 2022 (the measurement date of the net pension liability reported for fiscal year ended June 30, 2023), 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, 2023, the City reported the account balance of \$14,539,925 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, 2021; measurement date of June 30, 2022, and measurement period of July 1, 2021 to June 30, 2022.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 16 – PENSION PLANS, Continued

At June 30, 2023, the government-wide financial statements reported net pension liability as follows:

	Governmental Activities	Business-Type Activities
Miscellaneous Plan	\$ 152,912,983	\$ 65,033,027
Safety Plan	228,408,122	-
Total Net Pension Liability	<u>\$ 381,321,105</u>	<u>\$ 65,033,027</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2021 valuation was rolled forward to determine the June 30, 2022 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	6.90%
Inflation	2.30%
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 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter

¹ The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and post-retirement mortality rates include generational mortality improvements using 80 percent of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 CalPERS Experience Study available on the CalPERS website.

All other actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the 2021 CalPERS Experience Study for the period from 2001 to 2019, including updates to salary increase, mortality and retirement rates. Further details of the 2021 CalPERS Experience Study can be found on the CalPERS website under Forms and Publications.

Change of Assumptions

Demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study. The inflation rate was reduced from 2.5 percent to 2.3 percent for the June 30, 2021 actuarial valuation.

Discount Rate – The discount rate used to measure the total pension liability was 6.90% 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, 2023

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. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

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, 2021, are as follows:

Asset class¹	Current Target Allocation	Real Return Years^{1,2}
Global Equity - Cap-weighted	30%	4.54%
Global Fixed Income - Non-Cap-weighted	12%	3.84%
Private Equity	13%	7.28%
Treasury	5%	0.27%
Mortgage-backed Securities	5%	0.50%
Investment Grade Corporates	10%	1.56%
High Yield	5%	2.27%
Emerging Market Debt	5%	2.48%
Private Debt	5%	3.57%
Real Assets	15%	3.21%
Leverage	-5%	-0.59%
Total	100%	

¹ An expected inflation of 2.30% used for this period.

² Figures are based on the 2021 Asset Liability Management study.

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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, 2022

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at June 30, 2021	\$ 688,023,325	\$ 567,982,472	\$ 120,040,853
Changes Recognized for the Measurement Period:			
Service Cost	13,324,481	-	13,324,481
Interest on the Total Pension Liability	48,292,957	-	48,292,957
Changes of Benefit Terms	-	-	-
Changes of Assumptions	21,723,001	-	21,723,001
Differences between Expected and Actual Experience	1,207,170	-	1,207,170
Plan to Plan Resource Movement	-	-	-
Contributions - Employer	-	24,278,371	(24,278,371)
Contributions - Employee	-	5,608,810	(5,608,810)
Net Investment Income	-	(42,890,910)	42,890,910
Benefit Payments, including Refunds of Employee Contributions	(35,435,623)	(35,435,623)	-
Administrative Expenses	-	(353,819)	353,819
Net Changes	49,111,986	(48,793,171)	97,905,157
Balances at June 30, 2022	\$ 737,135,311	\$ 519,189,301	\$ 217,946,010

Pension Results, Provided by the Safety Plan
For the Measurement Date of June 30, 2022

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at June 30, 2021	\$ 642,514,528	\$ 505,735,811	\$ 136,778,717
Changes Recognized for the Measurement Period:			
Service Cost	12,383,765	-	12,383,765
Interest on the Total Pension Liability	45,082,328	-	45,082,328
Changes of Assumptions	23,159,440	-	23,159,440
Differences between Expected and Actual Experience	(906,001)	-	(906,001)
Plan to Plan Resource Movement	-	-	-
Contributions - Employer	-	22,850,564	(22,850,564)
Contributions - Employee	-	3,764,639	(3,764,639)
Net Investment Income	-	(38,210,033)	38,210,033
Benefit Payments, including Refunds of Employee Contributions	(35,185,545)	(35,185,545)	-
Administrative Expenses	-	(315,043)	315,043
Net Changes	44,533,987	(47,095,418)	91,629,405
Balances at June 30, 2022	\$ 687,048,515	\$ 458,640,393	\$ 228,408,122
Total balance at June 30, 2022 including Miscellaneous and Safety	\$ 1,424,183,826	\$ 977,829,694	\$ 446,354,132

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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 (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

Net Pension Liability	Discount Rate -1 % (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1 % (7.90%)
Miscellaneous Plan	\$ 315,119,184	\$ 217,946,010	\$ 137,817,617
Safety Plan	320,595,903	228,408,122	152,811,528

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, 2023

NOTE 16 – PENSION PLANS, Continued

For the measurement period ended June 30, 2022, the City recognized total pension expense of \$58,664,555, including \$29,818,607 for Miscellaneous Plan and \$28,845,948 for Safety Plan.

At June 30, 2023, 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	\$ 26,376,966	\$ -
Changes of Assumptions	13,033,801	-
Differences between Expected and Actual Experiences	873,160	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	26,280,476	-
Total Miscellaneous Plan	<u>\$ 66,564,403</u>	<u>\$ -</u>
Safety Plan:		
Employer Contributions Subsequent to Measurement Date	\$ 24,219,075	\$ -
Changes of Assumptions	16,141,428	-
Differences between Expected and Actual Experiences	7,767	(1,215,969)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	23,142,053	-
Total Safety Plan	<u>\$ 63,510,323</u>	<u>\$ (1,215,969)</u>
All Plans	<u>\$ 130,074,726</u>	<u>\$ (1,215,969)</u>

The total amount of \$50,596,041 (\$26,376,966 for Miscellaneous Plan and \$24,219,075 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, 2024.

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

Fiscal Year Ended June 30,	Miscellaneous Plan	Safety Plan
2024	\$ 13,566,450	\$ 10,018,896
2025	8,370,254	9,897,080
2026	1,885,857	3,606,463
2027	16,364,876	14,552,840
	<u>\$ 40,187,437</u>	<u>\$ 38,075,279</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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, 2022. The Plan’s stand-alone financial report for the fiscal year ended June 30, 2022 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, 2022 (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 (\$615 for SEIU, \$467 for PSOA, \$473 for COA, and \$1,108 for SEA/Confidential/Management per month at June 30, 2023). 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, 2023, the monthly City contribution of \$157 represents the PEMHCA required minimum employer contribution amount.

Employees Covered - At June 30, 2022, the most recent information available, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	889
Inactive employees entitled to but not yet receiving benefits	96
Active employees	842
	<hr/>
	1,827
	<hr/>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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, 2022, aside from the implied subsidy of \$1,850,000, the City pre-funded \$3,346,000 to the Trust while contributing \$6,432,583 outside of Trust on a pay-as-you-go basis for current benefit payments and PEMHCA administration expenses for a total contribution of \$11,628,583. 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, 2022; measurement date of June 30, 2022, and measurement period of July 1, 2021 to June 30, 2022.

At June 30, 2023, the government-wide financial statements reported net OPEB liability as follows:

	Amount
Governmental Activities	\$ 36,765,058
Business-Type Activities	8,449,966
Total Net OPEB Liability	<u>\$ 45,215,024</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, 2022 actuarial valuation.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

The June 30, 2022 valuation was rolled forward to determine the June 30, 2022 total OPEB liability using standard update procedures based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2022
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	5.50% - 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	2.75% annually, including inflation
Cap increase on benefit payments	Varies depending on bargaining unit
Medical Trend	8.5% annually decreasing to 3.45% for retirees not eligible for Medicare. 7.5% annually decreasing to 3.45 % for retirees eligible for Medicare (Non-Kaiser). 6.25% annually decreasing to 3.45% for retirees eligible for Medicare (Kaiser)
Mortality	Derived using CalPERS 2000-2019 Experience Study. Mortality Improvement Scale MP-2021

Change of Assumptions

Demographic assumptions were updated in accordance to the CalPERS 2000-2019 Experience Study. Mortality improvements scale was updated to Scale MP-2021 from MP-2020 and Healthcare trend was also updated. The discount rate was reduced from 6.0 percent to 5.5 percent and payroll growth rate reduced from 3.0 percent to 2.75 percent.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.5%. 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, 2023

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

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

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

C. Changes in the Net OPEB Liability

**Results Provided by the OPEB Plan
For the Measurement Date of June 30, 2022**

	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balances at June 30, 2021	\$ 186,357,495	\$ 149,870,721	\$ 36,486,774
Changes Recognized for the Measurement Period:			
Service Cost	6,446,058	-	6,446,058
Interest on the Total OPEB Liability	11,320,341	-	11,320,341
Change of benefit terms	708,355	-	708,355
Actual vs Expected Experience	(21,006,178)	-	(21,006,178)
Changes of Assumptions	2,437,255	-	2,437,255
Contributions - Employer	-	11,628,583	(11,628,583)
Net Investment Income	-	(20,430,833)	20,430,833
Benefit Payments, including Refunds of Employee Contributions	(8,262,414)	(8,262,414)	-
Administrative Expenses	-	(20,169)	20,169
Net Changes	(8,356,583)	(17,084,833)	8,728,250
Balances at June 30, 2022	\$ 178,000,912	\$ 132,785,888	\$ 45,215,024

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 (4.5%) or 1-percentage-point higher (6.5%) than the current discount rate:

	Discount Rate -1% (4.5%)	Current Discount Rate (5.5%)	Discount Rate +1% (6.5%)
Net OPEB Liability	\$ 68,886,793	\$ 45,215,024	\$ 25,681,768

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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	\$ 24,015,262	\$ 45,215,024	\$ 71,264,255

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued Sunnyvale Retiree Healthcare Plan Report for the year ended June 30, 2022 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 (EARS�) 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, 2022, the City recognized total OPEB expense of \$4,070,052.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

At June 30, 2023, 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	\$ 11,838,352	\$ -
Change of Assumptions	5,435,871	-
Differences between Expected and Actual Experience	-	(24,614,220)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	9,388,520	-
Total	<u>\$ 26,662,743</u>	<u>\$ (24,614,220)</u>

The amount of \$11,838,352, 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, 2024.

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

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2024	\$ (4,380,873)
2025	(3,193,778)
2026	(2,816,469)
2027	2,590,819
2028	(1,989,528)
Total	<u>\$ (9,789,829)</u>

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, and (3) subsidies of various operating activities.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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	34,526	(3)
	Wastewater Management	1,120,036	(3)
	Solid Waste Management	1,449,577	(3)
	Housing Special Revenue	100,310	(1)
	Water Supply & Distribution	161,736	(1)
	Development Enterprise	623,387	(1)
	Golf Course	81,894	(1)
	SMaRT Station	8,141	(1)
	Internal Service Fund	3,059,653	(1)
	Subtotal - General Fund	6,639,260	
Infrastructure	General Fund	18,968,443	(1)
	Park Dedication Special Revenue	511,593	(1)
	Internal Services - General Services	423,000	(1)
	Subtotal - Infrastructure	19,903,036	
Housing Special Revenue	Nonmajor Governmental	2,500,000	(3)
Nonmajor Governmental	Civic Center Capital Project	1,012,617	(2)
	General Fund	4,042,808	(2)
	Subtotal - Nonmajor Governmental	5,055,425	
Internal Service	General Fund	2,248,378	(1)
	Water Supply and Distribution	1,081,878	(1)
	Wastewater Management	413,599	(1)
	Solid Waste	15,155	(1)
	Development Enterprise	500,000	(1)
	Park Dedication Special Revenue	2,781,088	(1)
	Nonmajor Governmental	182,185	(1)
	Subtotal - Internal Service	7,222,283	
Golf and Tennis Operations	General Fund	1,840,000	(3)
Total Interfund Transfers		43,160,004	

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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, 2023

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

The following schedule presents details of fund balance components at June 30, 2023:

	Major Funds							Nonmajor Governmental Funds	Total
	General Fund	Housing Special Revenue	Park Dedication Special Revenue	City Projects	Infrastructure Renovation & Replacement	Capital Project Civic Center			
Fund Balances:									
Nonspendable:									
Inventories and Prepaid Items	\$ 648,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 648,943
Long-term Receivables Net of									
Deferred Inflow of Resources	538,101	-	-	-	-	-	-	-	538,101
Assets Held for Resale	1,101,077	-	-	-	-	-	-	-	1,101,077
Permanent Fund Principal	-	-	-	-	-	-	1,626,967	1,626,967	1,626,967
Columbia Neighborhood Center Endowment	713,370	-	-	-	-	-	-	-	713,370
Subtotal	3,001,491	-	-	-	-	-	1,626,967	4,628,458	
Restricted for:									
Donations and Contributions from									
External Sources	2,010,270	-	-	-	-	-	-	-	2,010,270
Hazardous Materials Program									
Enforcement Actions	696,611	-	-	-	-	-	-	-	696,611
Housing Mitigation	-	135,822,075	-	-	-	-	-	-	135,822,075
Assets Held for Resale	-	280,000	-	-	-	-	-	-	280,000
Housing - CDBG and HOME Gra Low and Moderate Income	-	-	-	-	-	-	19,632,516	19,632,516	19,632,516
Housing Assets	-	-	-	-	-	-	3,358,867	3,358,867	3,358,867
Park Dedication	-	-	117,846,277	-	-	-	-	-	117,846,277
Law Enforcement - Asset Forfeits	-	-	-	-	-	-	53,757	53,757	53,757
Police Services Augmentation	-	-	-	-	-	-	304,293	304,293	304,293
Workforce Training and Developr	-	-	-	-	-	-	61,242	61,242	61,242
Downtown Parking Maintenance	-	-	-	-	-	-	952,693	952,693	952,693
Public Street and Highways	-	-	-	-	-	-	22,098,027	22,098,027	22,098,027
Debt Service Reserve	-	-	-	-	-	-	-	-	-
Capital Projects Funded by									
External Resources	-	-	-	100,479,211	-	1,070,294	-	-	101,549,505
Subtotal	2,706,881	136,102,075	117,846,277	100,479,211	-	1,070,294	46,461,395	404,666,133	
Committed to:									
Contingency Reserve	29,320,276	-	-	-	-	-	-	-	29,320,276
Capital Improvement Projects	5,082,425	-	-	-	-	-	-	-	5,082,425
Current Capital and Special									
Projects Carryover	33,114,475	-	-	-	-	-	-	-	33,114,475
Subtotal	67,517,176	-	-	-	-	-	-	67,517,176	
Assigned to:									
Infrastructure Renovation and Improvement Projects	-	-	-	-	93,013,917	-	-	-	93,013,917
Unassigned:	95,799,493	-	-	-	-	-	(707,619)	95,091,874	
Total	\$ 169,025,041	\$ 136,102,075	\$ 117,846,277	\$ 100,479,211	\$ 93,013,917	\$ 1,070,294	\$ 47,380,743	\$ 664,917,558	

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, 2023

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 2023 adopted budget, the Contingency Reserve was identified and set aside for the designated purpose in the amount of \$29,320,276.

The General Fund Reserve for Capital Improvement Projects primarily reflects the proceeds from land sales between fiscal year 2006 and fiscal year 2023. Such proceeds have been used for specific capital improvement projects as approved by the Council. The reserve balance at year end was \$5,082,425, 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 \$33,114,475 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 2023, this stabilization fund had a balance of \$73,325,078 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 \$136,102,075 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 \$117,486,277 is for the purpose of acquisition, construction, or renovation of neighborhood parks.

For the City Projects Fund, total fund balance was \$100,479,211 and represents the restricted resources from grants and impact fees.

For the Infrastructure Renovation and Improvement Fund, the amount of balance of \$93,013,917 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 \$1,070,294 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, 2023

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 7/1/23-12/31/23	Unspent Amounts from Prior Advances	Total RPTTF Held at 6/30/23
Central Core Tax Allocation Bonds Debt Service	\$ -	\$ 2,548	\$ 2,548
Fiscal Agent Trustee Fees	-	(1,605)	(1,605)
Town Center Pollution Remediation Obligations	-	175,968	175,968
Town Center Development Agreement Management	-	(25,741)	(25,741)
Low and Moderate Income Housing Asset Fund Repayment	-	-	-
Administration Funded by RPTTF	55,000	82,232	137,232
RPTTF Managed by the City for the RSA	<u>\$ 55,000</u>	<u>\$ 233,402</u>	<u>\$ 288,402</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023**NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued**

At June 30, 2023, cash and investments held by the RSA in LAIF and in the City Treasury Pool was \$287,261 and \$1,141 respectively, which totaled to \$288,402.

B. Receivables

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

To Collect from	Amount
RPTTF (Reimbursement Obligation to City-1998 Parking Facility COP)	\$ 12,453,877
Interest Receivable	2,403
Total Receivables	<u>\$ 12,456,280</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 \$12,453,888 represents debt service payments by the City's General Fund that remained unreimbursed by the RPTTF.

C. Capital Assets

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

D. Noncurrent Liabilities

Description	Balance, June 30, 2022	Additions	Reductions	Balance, June 30, 2023	Due Within One Year	Due In More Than One Year
Redevelopment Successor Agency Private-Purpose Trust Fund:						
Bonds Payable:						
Central Core Tax Allocation Bonds, Series 2003	\$ 585,000	\$ -	\$ (585,000)	\$ -	\$ -	\$ -
Contractual Obligations under the 2016 MRADDOPA:						
Town Center Pollution Remediation						
Obligations to Developer	510,875	-	(8,005)	502,870	70,000	432,870
Former RDA Obligations Due to the City	37,228,130	2,120,403	-	39,348,533	-	39,348,533
Total	\$ 38,324,005	\$ 2,120,403	\$ (593,005)	\$ 39,851,403	\$ 70,000	\$ 39,781,403

These noncurrent liabilities are explained as follows.

Bonds Payable

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.

At June 30, 2023 there was no remaining debt service obligation.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

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, 2023

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

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

The Dissolution Act recognizes obligations imposed by State law and contractual commitments to remediate contaminated properties as enforceable obligations. On February 1, 2012, the RSA recognized the estimated liability of \$1,865,440, which was the same amount as recognized by the former RDA under the accrual basis of accounting as of January 31, 2012 before its dissolution. Outlays totaling \$1,354,566 have been incurred since the RDA dissolution, including \$8,005 in this year. At year end, the estimated remaining amount is \$502,870.

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.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2023

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

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, 2023

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	12,453,879	2,011,652	14,465,530
Administrative Loan	14,017,916	8,754,365	22,772,281
Plaza Loan	1,500,000	610,722	2,110,722
Loan Balance, June 30, 2023	27,971,795	11,376,739	39,348,533

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 \$39,348,533 was reported and fully allowed for by the General Fund.

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Required Supplementary Information (Unaudited)

Required Supplementary Information
Fiscal Year Ended June 30, 2023

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, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance, July 1, 2022	\$ 115,490,675	\$ 175,077,719	\$ 175,077,719	\$ -
Resources (inflows):				
Property Taxes	110,227,140	114,315,019	120,086,118	5,771,099
Sales and Use Taxes	29,876,069	34,915,338	38,358,415	3,443,077
Other Taxes	28,937,546	31,630,014	34,660,330	3,030,316
Franchise Fees	7,507,779	7,331,751	7,692,185	360,434
Intergovernmental Revenues	742,516	1,992,760	1,584,130	(408,630)
Permits and Licenses	2,153,699	2,499,784	2,149,126	(350,658)
Fines and Forfeitures	792,212	451,519	247,364	(204,155)
Service Fees	6,186,879	7,519,976	7,003,854	(516,122)
Rents and Concessions	1,575,583	1,808,835	1,889,794	80,959
Investment Earnings	2,808,643	3,431,841	3,739,803	307,962
Interfund Revenues	4,419,817	4,419,817	8,684,225	4,264,408
Other Revenues	858,739	1,172,129	1,492,327	320,198
Transfers In	21,315,709	18,502,689	15,711,378	(2,791,311)
Total Resources	217,402,331	229,991,472	243,299,049	13,307,577
Charges to appropriations (outflows):				
City Attorney	1,760,726	1,760,726	1,773,946	(13,220)
City Manager	5,247,361	5,247,361	4,926,436	320,925
Community Development	1,568,615	1,568,615	1,449,346	119,269
Finance	10,432,823	10,432,823	10,331,559	101,264
Human Resources	5,011,894	5,011,894	4,885,411	126,483
Library and Community Services	19,836,596	19,836,596	18,645,477	1,191,119
Public Safety	87,313,467	88,563,467	88,578,009	(14,542)
Public Works	26,545,538	25,395,538	22,795,224	2,600,314
Environmental Services	2,686,911	2,686,911	2,256,772	430,139
Capital Outlay and Special Projects	14,112,754	56,068,357	18,070,018	37,998,339
Debt Service	-	-	1,281,250	(1,281,250)
Transfers Out	44,761,548	66,876,601	65,915,580	961,021
Total charges to appropriations	219,278,233	283,448,889	240,909,028	42,539,861
Excess of resources over (under) charges to appropriations	(1,875,902)	(53,457,417)	2,390,021	55,847,438
Budgetary Fund Balance, June 30, 2023	\$ 113,614,773	\$ 121,620,302	\$ 177,467,740	\$ 55,847,438

See Accompanying Notes to the Budgetary Comparison Schedule

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2023

BUDGETARY POLICY AND CONTROL, Continued

Budgetary Comparison Schedule - Housing Special Revenue Fund
Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, 2022	\$ 44,440,379	\$ 80,345,504	\$ 80,345,504	\$ -
Resources (inflows):				
Intergovernmental Revenues	-	-	25,024	25,024
Service Fees	27,586,461	3,509,180	1,637,119	(1,872,061)
Rents and Concessions	12,000	12,000	12,000	-
Interest Income	1,460,095	1,985,576	1,632,343	(353,233)
Other Revenues	2,147,213	1,869,814	528,496	(1,341,318)
Transfer In	2,500,000	2,500,000	2,500,000	-
Total Resources	33,705,769	9,876,570	6,334,982	(3,541,588)
Charges to appropriations (outflows):				
Community Development	1,257,188	1,257,187	1,196,282	60,905
Capital Outlay and Special Projects	262,000	8,191,032	132,210	8,058,822
Transfers Out	287,673	287,673	400,120	(112,447)
Total charges to appropriations	1,806,861	9,735,892	1,728,612	8,007,280
Excess of resources over (under) charges to appropriations	31,898,908	140,678	4,606,370	4,465,692
Budgetary Fund Balance, June 30, 2023	\$ 76,339,287	\$ 80,486,182	\$ 84,951,874	\$ 4,465,692

Budgetary Comparison Schedule – Park Dedication Special Revenue Fund
Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary Fund Balance, July 1, 2022	\$ 58,578,926	\$ 77,709,415	\$ 77,709,415	\$ -
Resources (inflows):				
Service Fees	25,437,302	37,170,085	47,468,145	10,298,060
Interest Income	1,621,534	1,726,433	2,231,476	505,043
Other Revenues	-	-	-	-
Total Resources	27,058,836	38,896,518	49,699,621	10,803,103
Charges to appropriations (outflows):				
Capital Outlay and Special Projects	2,892,018	57,947,485	9,836,824	48,110,661
Transfers Out	21,994,118	511,593	3,292,681	(2,781,088)
Total charges to appropriations	24,886,136	58,459,078	13,129,505	45,329,573
Excess of resources over (under) charges to appropriations	2,172,700	(19,562,560)	36,570,116	56,132,676
Budgetary Fund Balance, June 30, 2023	\$ 60,751,626	\$ 58,146,855	\$ 114,279,531	\$ 56,132,676

See Accompanying Notes to the Budgetary Comparison Schedule

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2023

BUDGETARY POLICY AND CONTROL, Continued

The following schedule reconciles the differences of actual amounts presented using the budgetary basis vs. GAAP basis of accounting:

	General Fund	Housing Fund	Park Dedication Fund
Sources/Inflow of Resources:			
Actual amounts (budgetary basis) of "total resources" from the budgetary comparison schedule	\$ 243,299,049	\$ 6,334,982	\$ 49,699,621
Differences - Budget to GAAP			
Loan principal repayments are a budgetary resource but are not revenues for financial reporting purposes	-	(458,771)	-
Change in fair value of investments is not a budgetary resource	(2,083,538)	(1,020,994)	(1,510,514)
Change in allowance for housing loans is not a budgetary resource			
GAAP Reporting Entity Differences:			
- Internal Agency Fund not budgeted in the General Fund	571,626		
- Youth and Neighborhood Services not budgeted in the General Fund	443,711		
- ARPA (American Rescue Plan Act of 2021) not budgeted in General Fund	-		
Leases	143,385		
Public Safety sales tax net adjustment	15,783		
Transfers from other funds for administrative reimbursements are inflows of expenditure reductions for financial reporting	(13,336,358)		
Proceeds from sale of capital assets reported as other financing sources			
Other funds' operating in-lieu payments reported as transfers	(6,639,260)		
Transfers between Housing Subfunds are eliminated for financial reporting	-	(2,500,000)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 222,414,398</u>	<u>\$ 2,355,217</u>	<u>\$ 48,189,107</u>
Uses/Outflows of Resources			
Actual amounts (budgetary basis) of "total charges to appropriations" from the budgetary comparison schedule	\$ 240,909,028	\$ 1,728,612	\$ 13,129,505
Differences - Budget to GAAP			
GAAP Reporting Entity Differences:			
- Internal Agency Fund not budgeted in the General Fund	98,062		
- Youth and Neighborhood Services is not budgeted in the General Fund	1,032,936		
Unbudgeted activity - Multimodal Sinking Fund is not budgeted in the General Fund			
Unbudgeted activity - Inventory adjustment not budgeted in the General Fund	15,325		
expenditures for financial reporting purposes		(135,000)	
Transfers from other funds for administrative reimbursements are inflows of budgetary resources but are expenditure reductions for financial reporting	(13,336,358)		
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(27,769,112)	(100,310)	(3,292,681)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 200,949,881</u>	<u>\$ 1,493,302</u>	<u>\$ 9,836,824</u>

See Accompanying Notes to the Budgetary Comparison Schedule

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2023

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 review budget vs. actuals on the prior year-end close and to obtain budgetary comments from the public early in the budget process for the following year.
- 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.

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2023

Notes to the Budgetary Comparison Schedules, Continued

- 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.
- Approved appropriations for capital improvement projects do not lapse at the end of fiscal year unless the capital improvement project has been completed and closed out or the City Council takes affirmative action to modify the budget appropriation for the capital improvement project.
- Formal budgets are employed as a management control device for all funds in which a budget has been adopted. Annual appropriated budgets apply to the general fund, special revenue funds, permanent funds, and debt service funds. Capital project funds operate using project-length budgets. Proprietary fund budgets serve only as financial plans.
- Budgeted amounts reported are those as originally adopted June 21, 2022 plus all amendments approved during the year by the City Council. Individual amendments were not material in relation to the original amounts budgeted.

2. Budgetary Control

Legal Level of Budgetary Control

Expenditures for each department are legally limited to the amounts authorized by the City Council in the Budget Resolution, plus subsequent changes individually approved by the City Council through Budget Modifications. The City's budget appropriation control is by program (with adjustments between programs within the same fund allowed below specified thresholds) for operating programs in the General Fund and Special Revenue Funds. For Proprietary Funds, expenditures cannot exceed actual revenues plus the planned use of reserves.

Appropriations for operations lapse at year-end to the extent they have not been expended. On November 6, 2007 Sunnyvale voters amended the City Charter so that appropriations for capital improvement projects will not lapse at year-end unless completed, closed out, or modified by the City Council. The City adopts project-length budgets for its capital projects funds.

Excess of Expenditures Over Appropriations

The Office of City Attorney exceeded its expenditure appropriation due to salaries and benefits being greater than budgeted. While the Fire Services program exceeded appropriations due to vacancies driving a high use of backfill overtime, City Council approved a budget modification with Report to Council 23-0660 that increased the department operating budget and authorized reappropriation across programs to offset the overage.

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2023

Notes to the Budgetary Comparison Schedule, Continued

3. Budgetary Highlights

The General Fund

The General Fund original appropriations budget (outflows) of \$219,371,913 was modified during the fiscal year to incorporate project, equipment, and transfer appropriation carryover from prior years of \$35,242,024. Of significance was \$ 22,685,474 in new appropriations. These changes net against other adjustments during the FY 2023/24 budget development process for a final amended budget of \$283,448,889. The Funding sources for these amendments were due to grant revenue, additional revenue estimated during midyear budget adjustments, General Fund savings, General Fund reserves, and savings from projects and transfers that did not require their full appropriation.

Estimated inflows of resources of the General Fund were also amended during the fiscal year for an increase of \$15,402,161 (excluding sale of property, transfers and interfund revenues) due primarily to midyear adjustments during FY 2023/24 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, Property Tax was revised upward by \$4,087,879 due to growth in the assessed valuation of both the residential and commercial/industrial sectors across the City as well as change of ownership and new construction. In addition, Sales Tax was increased by \$5,039,269 due to elevated prices associated with restaurants and other goods and services in addition to revenue associated from businesses related to the COVID-19 pandemic response. Transient Occupancy Tax was increased by \$2,232,234 due to stronger recovery from the challenges of the COVID-19 than anticipated .

The Housing Special Revenue Fund

The City's Housing Fund original appropriation budget of \$1,806,861 was modified during the fiscal year by \$12,138 in new appropriations for a supplemental transfer to the pension trust. The final budget also comprises project and transfer carryover appropriations from prior years, including \$7,500,000 of Orchard Gardens Apartment Redevelopment project.

The Park Dedication Special Revenue Fund

The original appropriation budget of the City's Park Dedication Fund was \$24,886,136 and the remaining difference between the original and final expenditure budget is the result of carryover from prior fiscal years.

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2023**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

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2023**MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS, Continued**

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 2023 for fiscal year 2023. 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	11.1%
Very Good	40.9%
Good	29.0%
Fair	10.1%
At Risk	4.2%
Poor	3.7%
Failed	1.0%

While the 2023 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 \$10,151,174 on street maintenance for the fiscal year ended June 30, 2023. 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.

Fiscal Year	Estimate	Expenditures	PCI Index
2018-2019	10,797,000	7,128,000	76
2019-2020	8,048,000	5,746,000	76
2020-2021	13,589,000	10,060,000	77
2021-2022	19,232,047	7,388,132	76
2022-2023	28,257,587	10,151,174	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, 2023

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	2022	2021	2020
TOTAL PENSION LIABILITY			
Service Cost	\$ 13,324,481	\$ 11,996,478	\$ 11,701,084
Interest on Total Pension Liability	48,292,957	46,636,226	44,872,640
Changes of Assumptions	21,723,001	-	-
Difference Between Expected and Actual Experience	1,207,170	744,292	(1,023,066)
Benefit Payments, Including Refunds of Employee Contributions	(35,435,623)	(33,732,095)	(31,868,242)
Net Change in Total Pension Liability	49,111,986	25,644,901	23,682,416
Total Pension Liability – Beginning	688,023,325	662,378,424	638,696,008
Total Pension Liability – Ending (a)	\$ 737,135,311	\$ 688,023,325	\$ 662,378,424
PLAN FIDUCIARY NET POSITION			
Contributions – Employer	\$ 24,278,371	\$ 23,049,190	\$ 21,054,645
Contributions – Employee	5,608,810	5,474,501	5,201,737
Net Investment Income	(42,890,910)	105,593,674	22,511,843
Benefit Payments, Including Refunds of Employee Contributions	(35,435,623)	(33,732,095)	(31,868,242)
Other Miscellaneous Expense	-	423	-
Administrative Expense	(353,819)	(467,568)	(636,929)
Net Change in Fiduciary Net Position	(48,793,171)	99,918,125	16,263,054
Plan Fiduciary Net Position – Beginning	567,982,472	468,064,347	451,801,293
Plan Fiduciary Net Position – Ending (b)	\$ 519,189,301	\$ 567,982,472	\$ 468,064,347
Plan Net Pension Liability – Ending (a) - (b)	\$ 217,946,010	\$ 120,040,853	\$ 194,314,077
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.43%	82.55%	70.66%
Covered Payroll ⁴	\$ 73,700,809	\$ 69,625,525	\$ 66,521,230
Plan Net Pension Liability as a Percentage of Covered Payroll	295.72%	172.41%	292.11%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.

² Covered payroll represents the payroll on which contributions to the pension plan are based.

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2020 valuation date.

Change in Assumptions: During Measurement period 2014, the discount rate was 7.50 percent. During the measurement period 2015, the discount rate was increased from 7.5 percent to 7.65 percent. There was no change in assumptions during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. There were no change in assumptions during measurement period 2019, 2020 and 2021. During Measurement period 2022, the discount rate was reduced from 7 percent to 6.9 percent.

2019	2018	2017	2016	2015	2014
\$ 11,559,006	\$ 11,199,730	\$ 10,842,227	\$ 9,680,984	\$ 9,957,430	\$ 10,186,565
43,217,539	40,900,336	39,261,483	38,249,412	36,727,690	35,343,753
-	(4,081,790)	32,106,944	-	(8,859,441)	-
8,785,490	3,645,229	(6,019,442)	(2,309,130)	(4,993,806)	-
(29,484,250)	(27,829,331)	(26,020,390)	(24,937,993)	(23,753,937)	(21,670,122)
34,077,785	23,834,174	50,170,822	20,683,273	9,077,936	23,860,196
604,618,223	580,784,049	530,613,227	509,929,954	500,852,018	476,991,822
\$ 638,696,008	\$ 604,618,223	\$ 580,784,049	\$ 530,613,227	\$ 509,929,954	\$ 500,852,018
\$ 19,631,877	\$ 16,854,299	\$ 15,147,804	\$ 14,617,203	\$ 13,259,494	\$ 13,538,441
5,467,671	5,008,021	4,604,224	4,584,629	4,498,949	4,900,096
28,083,867	34,014,678	41,501,524	474,899	8,380,085	56,229,060
(29,484,250)	(27,829,331)	(26,020,390)	(24,937,993)	(23,753,937)	(21,670,122)
995	(1,191,114)	-	579	(288)	-
(305,720)	(626,703)	(542,569)	(227,308)	(419,766)	-
23,394,440	26,229,850	34,690,593	(5,487,991)	1,964,537	52,997,475
428,406,853	402,177,003	367,486,410	372,974,401	371,009,864	318,012,389
\$ 451,801,293	\$ 428,406,853	\$ 402,177,003	\$ 367,486,410	\$ 372,974,401	\$ 371,009,864
\$ 186,894,715	\$ 176,211,370	\$ 178,607,046	\$ 163,126,817	\$ 136,955,553	\$ 129,842,154
70.74%	70.86%	69.25%	69.26%	73.14%	74.08%
\$ 64,370,478	\$ 61,107,215	\$ 57,600,952	\$ 55,959,435	\$ 56,387,283	\$ 54,657,753
290.34%	288.36%	310.08%	291.51%	242.88%	237.55%

Required Supplementary Information, Continued**Fiscal Year Ended June 30, 2023****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	2022	2021	2020
TOTAL PENSION LIABILITY			
Service Cost	\$ 12,383,765	\$ 11,148,722	\$ 10,810,262
Interest on Total Pension Liability	45,082,328	43,612,006	42,233,127
Changes of Assumptions	23,159,440	-	-
Difference Between Expected and Actual Experience	(906,001)	(1,483,768)	240,732
Benefit Payments, Including Refunds of Employee Contributions	(35,185,545)	(33,259,910)	(31,627,776)
Net Change in Total Pension Liability	44,533,987	20,017,050	21,656,345
Total Pension Liability – Beginning	642,514,528	622,497,478	600,841,133
Total Pension Liability – Ending (a)	\$ 687,048,515	\$ 642,514,528	\$ 622,497,478
PLAN FIDUCIARY NET POSITION			
Contributions – Employer	\$ 22,850,564	\$ 20,974,642	\$ 18,970,323
Contributions – Employee	3,764,639	4,201,192	4,191,546
Net Investment Income	(38,210,033)	94,508,129	20,302,470
Benefit Payments, Including Refunds of Employee Contributions	(35,185,545)	(33,259,910)	(31,627,776)
Plan to Plan Resource Movement	-	(423)	-
Administrative Expense	(315,043)	(419,286)	(575,844)
Net Change in Fiduciary Net Position	(47,095,418)	86,004,344	11,260,719
Plan Fiduciary Net Position – Beginning	505,735,811	419,731,467	408,470,748
Plan Fiduciary Net Position – Ending (b)	\$ 458,640,393	\$ 505,735,811	\$ 419,731,467
Plan Net Pension Liability – Ending (a) - (b)	\$ 228,408,122	\$ 136,778,717	\$ 202,766,011
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.76%	78.71%	67.43%
Covered Payroll ²	\$ 38,548,202	\$ 36,457,562	\$ 34,849,331
Plan Net Pension Liability as a Percentage of Covered Payroll	592.53%	375.17%	581.84%

¹ Historical information is required only for measurement periods for which GASB 68 is applicable.² Covered payroll represents the payroll on which contributions to the pension plan are based.

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2021 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 2021. There were no change in assumptions during measurement periods 2019 and 2020. During Measurement period 2022, the discount rate was reduced from 7 percent to 6.90 percent.

2019	2018	2017	2016	2015	2014
\$ 10,590,296	\$ 10,198,713	\$ 10,631,055	\$ 9,135,944	\$ 8,771,544	\$ 9,513,550
40,740,521	38,968,908	37,837,829	36,805,665	35,349,092	33,899,709
-	(3,031,221)	31,727,462	-	(8,685,061)	-
4,796,806	(1,342,176)	(3,692,230)	(182,810)	(1,105,115)	-
(29,984,051)	(28,780,790)	(27,339,259)	(25,948,338)	(24,211,372)	(22,125,777)
26,143,572	16,013,434	49,164,857	19,810,461	10,119,088	21,287,482
574,697,561	558,684,127	509,519,270	489,708,809	479,589,721	458,302,239
\$ 600,841,133	\$ 574,697,561	\$ 558,684,127	\$ 509,519,270	\$ 489,708,809	\$ 479,589,721
\$ 17,722,518	\$ 14,914,181	\$ 13,836,093	\$ 12,634,254	\$ 11,312,835	\$ 12,221,414
4,108,581	3,875,143	4,039,494	3,911,682	3,970,442	3,689,599
25,483,098	31,151,544	38,624,125	489,200	7,812,498	54,102,751
(29,984,051)	(28,780,790)	(27,339,259)	(25,948,338)	(24,211,372)	(22,125,777)
911	(1,100,642)	-	(579)	202	-
(279,325)	(580,496)	(506,839)	(214,779)	(396,404)	-
17,051,732	19,478,940	28,653,614	(9,128,560)	(1,511,799)	47,887,987
391,419,016	371,940,076	343,286,462	352,415,022	353,926,821	306,038,834
\$ 408,470,748	\$ 391,419,016	\$ 371,940,076	\$ 343,286,462	\$ 352,415,022	\$ 353,926,821
\$ 192,370,385	\$ 183,278,545	\$ 186,744,051	\$ 166,232,808	\$ 137,293,787	\$ 125,662,900
67.98%	68.11%	66.57%	67.37%	71.96%	73.80%
\$ 33,702,370	\$ 32,177,671	\$ 33,006,474	\$ 31,449,031	\$ 29,886,011	\$ 31,473,683
570.79%	569.58%	565.78%	528.58%	459.39%	399.26%

Required Supplementary Information, Continued**Fiscal Year Ended June 30, 2023****PENSIONS****City of Sunnyvale Miscellaneous Plan****Schedule of Plan Contributions for the Fiscal Years Ended June 30****Last 10 Years¹**

	2023	2022	2021
Actuarially Determined Contribution	\$ 26,376,966	\$ 24,279,280	\$ 23,049,190
Contributions in Relation to the Actuarially Determined Contributions	(26,376,966)	(24,279,280)	(23,049,190)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ³	\$ 77,048,943	\$ 73,700,809	\$ 69,625,525
Contributions as a Percentage of Covered Payroll	34.23%	32.94%	33.10%

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 2023 contribution rates are as follows:

Valuation date	6/30/2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	6.9% (net of expenses)
Projected Salary Increase	Varies by entry age and services
Inflation	2.30%
Payroll Growth	2.75%
Mortality	Derived using CalPERS membership data for all funds.



2020	2019	2018	2017	2016	2015	2014
\$ 21,054,645	\$ 18,631,877	\$ 16,854,299	\$ 15,147,804	\$ 13,917,203	\$ 12,759,494	\$ 11,511,570
(21,054,645)	(19,631,877)	(16,854,299)	(15,147,804)	(14,617,203)	(13,259,494)	(13,538,441)
<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ (500,000)</u>	<u>\$ (2,026,871)</u>
\$ 66,521,230	\$ 64,370,478	\$ 61,107,215	\$ 57,600,952	\$ 55,959,435	\$ 56,387,283	\$ 54,657,753
31.65%	30.50%	27.58%	26.30%	26.12%	23.52%	24.77%

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2023

PENSIONS

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

	2023	2022	2021
Actuarially Determined Contribution	\$ 24,219,075	\$ 22,853,810	\$ 20,974,642
Contributions in Relation to the Actuarially Determined Contributions	(24,219,075)	(22,853,810)	(20,974,642)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ²	\$ 39,611,197	\$ 38,548,202	\$ 36,457,562
Contributions as a Percentage of Covered Payroll	61.14%	59.29%	57.53%

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 2023 contribution rates are as follows:

Valuation date	6/30/2021
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	6.9% (net of expenses)
Projected Salary Increase	Varies by entry age and services
Inflation	2.30%
Payroll Growth	2.75%
Mortality	Derived using CalPERS membership data for all funds.



2020	2019	2018	2017	2016	2015	2014
\$ 18,970,323	\$ 16,722,518	\$ 14,914,181	\$ 13,836,093	\$ 11,934,254	\$ 10,812,835	\$ 10,310,729
(18,970,323)	(17,722,518)	(14,914,181)	(13,836,093)	(12,634,254)	(11,312,835)	(12,221,414)
<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ (500,000)</u>	<u>\$ (1,910,685)</u>
\$ 34,849,331	\$ 33,702,370	\$ 32,177,671	\$ 33,006,474	\$ 31,449,031	\$ 29,886,011	\$ 31,473,683
54.44%	52.59%	46.35%	41.92%	40.17%	37.85%	38.83%

Required Supplementary Information, Continued**Fiscal Year Ended June 30, 2023****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	2022	2021	2020
Total OPEB liability:			
Service Cost	\$ 6,446,058	\$ 6,258,309	\$ 5,963,549
Interest	11,320,341	10,776,578	10,609,180
Changes in Benefit Terms	708,355	-	-
Differences between Expected and Actual Experience	(21,006,178)	-	(12,386,222)
Changes of Assumptions	2,437,255	-	6,174,688
Benefit Payments	(8,262,414)	(8,057,414)	(7,674,549)
Net change in Total OPEB Liability	(8,356,583)	8,977,473	2,686,646
Total OPEB Liability - Beginning	186,357,495	177,380,022	174,693,376
Total OPEB Liability - Ending (a)	\$ 178,000,912	\$ 186,357,495	\$ 177,380,022
Plan Fiduciary Net Position			
Contributions - Employer	\$ 11,628,583	\$ 11,640,712	\$ 12,054,056
Net Investment Income	(20,430,833)	30,761,293	6,091,558
Benefit Payments	(8,262,414)	(8,057,414)	(7,674,549)
Administrative Expense	(20,169)	(19,298)	(20,507)
Net Change in Plan Fiduciary Net Position	(17,084,833)	34,325,293	10,450,558
Plan Fiduciary Net Position-Beginning	149,870,721	115,545,428	105,094,870
Plan Fiduciary Net Position-Ending (b)	\$ 132,785,888	\$ 149,870,721	\$ 115,545,428
City's Net OPEB liability (a) - (b)	\$ 45,215,024	\$ 36,486,774	\$ 61,834,594
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	74.60%	80.42%	65.14%
Covered-Employee Payroll (Contributions not based on measure of pay)	\$ 128,464,021	\$ 118,376,979	\$ 114,830,357
City's Net OPEB Liability as a Percentage of Covered Employee Payroll	35.20%	30.82%	53.85%

¹ Historical information is required only for measurement periods for which GASB 75 is applicable.

Change in Assumptions: During measurement period 2022, demographic assumptions were updated in accordance to the CalPERS Membership Data 2000-2019 Experience Study. Mortality improvement scale was updated to Scale MP-2021 from MP-2018. The discount rate dropped to 5.5% and inflation rate at 2.5%. During measurement period ended June 30, 2022, actuarial assumptions for medical trend were adjusted and the mortality improvement scale was updated.

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2019	2018	2017
\$ 5,789,853	\$ 5,126,673	\$ 5,288,000
10,092,406	10,947,288	10,076,000
-	-	-
-	(15,011,718)	-
-	5,292,216	-
(7,211,618)	(7,249,724)	(6,927,000)
8,670,641	(895,265)	8,437,000
166,022,735	166,918,000	158,481,000
<u>\$ 174,693,376</u>	<u>\$ 166,022,735</u>	<u>\$ 166,918,000</u>
\$ 12,048,370	\$ 11,332,886	\$ 11,170,000
6,472,434	6,736,501	7,702,310
(7,211,618)	(7,249,724)	(6,927,000)
(17,752)	(24,162)	(214,535)
11,291,434	10,795,501	11,730,775
93,803,436	83,007,935	71,277,160
<u>\$ 105,094,870</u>	<u>\$ 93,803,436</u>	<u>\$ 83,007,935</u>
<u>\$ 69,598,506</u>	<u>\$ 72,219,299</u>	<u>\$ 83,910,065</u>
60.16%	56.50%	49.73%
\$ 110,932,793	\$ 104,981,096	\$ 99,643,412
62.74%	68.79%	84.21%

Required Supplementary Information, Concluded
Fiscal Year Ended June 30, 2023

City of Sunnyvale OPEB Plan

Schedule of Plan Contributions for the Fiscal Years Ended June 30

Last 10 Years

	2023	2022	2021
Actuarially Determined Contribution (ADC)	\$ 12,195,000	\$ 11,860,000	\$ 12,086,000
Contributions in Relation to the Actuarially Determined Contributions	(11,838,352)	(11,628,583)	(11,640,712)
Contribution Deficiency (Excess)	<u>\$ 356,648</u>	<u>\$ 231,417</u>	<u>\$ 445,288</u>
Covered-Employee Payroll	\$ 134,904,176	\$ 128,464,021	\$ 118,376,979
Contributions as a Percentage of Covered-Employee Payroll	8.78%	9.05%	9.83%

Notes to Schedule

Valuation date for funding purposes:	6/30/22
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	5.5% (net of expenses)
Inflation	2.50%
Payroll Growth	2.75% including inflation
Medical Trend	8.5% annually decreasing to 3.45% for retirees not eligible for Medicare. 7.5% annually decreasing to 3.45% for retirees eligible for Medicare (Non-Kaiser). 6.5% annually decreasing to 3.45% for retirees eligible for Medicare (Kaiser).
Mortality	Derived using CALPERS 2000-2019 Expected Study. Mortality Improvement Scale MP-2021.

¹ Historical information is required only for measurement periods for which GASB 75 is applicable.



2020	2019	2018	2017
\$ 11,758,000	\$ 11,818,000	\$ 11,460,000	\$ 8,135,000
(12,054,056)	(12,048,370)	(11,308,724)	(9,842,297)
<u>\$ (296,056)</u>	<u>\$ (230,370)</u>	<u>\$ 151,276</u>	<u>\$ (1,707,297)</u>
\$ 118,376,979	\$ 110,932,793	\$ 104,981,096	\$ 99,643,412
10.18%	10.86%	10.77%	9.88%

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Supplementary Information

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General Fund Budgetary Control

General Fund Appropriations

Budgetary Comparisons

June 30, 2023

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
Equipment			
Information Process Software	-	516	(516)
General Equipment	5,306	1,041	4,265
Recreation Equipment	339,127	36,309	302,818
Public Safety Equipment	311,101	222,737	88,364
Total Equipment	655,534	260,603	394,931
Operating Programs			
City Attorney			
Comprehensive Legal Services	2,643,516	1,773,943	869,573
Total City Attorney	2,643,516	1,773,943	869,573
City Manager			
Office of the City Manager	6,625,589	4,926,436	1,699,153
Total City Manager	6,625,589	4,926,436	1,699,153
Community Development			
Planning	905,140	672,383	232,757
Community Development Department Management	775,620	776,964	(1,344)
Total Community Development	1,680,760	1,449,347	231,413
Environmental Services			
Regulatory Programs	1,704,636	1,260,149	444,487
Environmental Sustainability	820,404	505,843	314,561
Stormwater Collections	450,500	490,780	(40,280)
Total Environmental Services	2,975,540	2,256,772	718,768
Finance			
Budget Management	1,160,567	1,001,391	159,176
Purchasing	1,823,891	1,589,081	234,810
Financial Management and Analysis	1,987,811	1,718,092	269,719
Accounting and Financial Services	1,491,296	1,726,987	(235,691)
Utility Billing	3,449,184	3,478,918	(29,734)
Non-Utility Revenue Management and Special Projects	879,064	795,065	83,999
Citywide Program	-	(66,963)	66,963
Total Finance	10,791,813	10,242,571	549,242
Human Resources			
Human Resources	5,110,382	4,885,411	224,971
Total Human Resources	5,110,382	4,885,411	224,971
Library and Recreation Services			
Library	10,204,264	9,606,646	597,618
Recreation Services	10,855,509	9,038,832	1,816,677
Total Library and Community Services	21,059,773	18,645,478	2,414,295

Continued

General Fund Appropriations

Budgetary Comparisons

June 30, 2023

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
Public Safety			
Fire Services	43,833,323	32,565,613	11,267,710
Community Safety Services	3,942,168	3,246,292	695,876
Personnel and Training	3,319,737	2,274,654	1,045,083
Investigation Services	5,420,156	5,666,103	(245,947)
Communication Services	6,201,324	4,324,898	1,876,426
Public Safety Administrative Services	6,706,612	6,783,659	(77,047)
Records Management and Property Services	2,683,729	2,207,460	476,269
Fire Prevention and Hazardous Material Services	2,968,614	2,007,835	960,779
Police Services	41,396,203	29,568,457	11,827,746
Total Public Safety	116,471,866	88,644,971	27,826,895
Public Works			
Transportation and Traffic Services	3,400,556	3,247,989	152,567
Pavement and Concrete Maintenance	5,098,092	3,230,712	1,867,380
Street Lights, Signs and Debris	2,661,445	2,136,359	525,086
Urban Forestry	2,484,454	1,557,185	927,269
Neighborhood Parks and Open Space Management	12,352,771	11,813,542	539,229
Public Works Administration and Property Management	1,222,315	809,437	412,878
Total Public Works	27,219,633	22,795,224	4,424,409
Total Operating Programs	194,578,872	155,620,153	38,958,719
Transfers Out			
Youth and Neighborhood Services Fund	669,483	669,483	-
Infrastructure Fund - General Fund Assets	18,968,443	18,968,443	-
2020 Civic Center Lease Revenue Bonds	-	4,042,808	(4,042,808)
Golf and Tennis Operations Fund	1,840,000	1,840,000	-
Technology and Communication Services Fund	1,583,500	1,583,500	-
Project Management Services Fund	613,282	664,877	(51,595)
Employee Benefits - Retirement Benefit	25,798,162	25,798,162	-
Employee Benefits - Pension Trust	2,219,620	2,219,620	-
Insurance and Other Benefits	7,030,113	7,030,113	-
Property and Liability Insurance Fund	3,098,573	3,098,573	-
Total Transfers Out	61,821,176	65,915,579	(4,094,403)
Parking COP Lease Payments			
Financial Services	6,960	18,025	(11,065)
Parking Facility Refunding	1,150,000	1,285,250	(135,250)
Lease Expenditure - Interest	91,250	-	91,250
Total Lease Payments	1,248,210	1,303,275	(55,065)
Non-Departmental Expenditures			
RDA Lease Expenditure	1,203,163	-	1,203,163
Total Non-Departmental RSA Lease Expenditures	1,203,163	-	1,203,163

Continued

General Fund Appropriations

Budgetary Comparisons

June 30, 2023

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
Projects			
<i>Infrastructure Projects</i>			
Pavement Rehabilitation	4,479,655	453	4,479,202
ADA Projects and Emergency Concrete Replacement	105,307	754	104,553
Contribution to Our City Forest	15,000	6,900	8,100
Stormwater Outfall Emergency Repair	-	24,909	(24,909)
Smart Cities Initiative Study	125,000	87,500	37,500
Public Safety Emergency Generator Replacement	2,380,253	98,923	2,281,330
Upgrading of Fuel Stations	1,194,973	120,977	1,073,996
Pedestrian Lighted Crosswalk Maintenance and Replacement	1,263,401	487,803	775,598
Replacement/Repair/Rehabilitation of Storm Drain	1,205,456	488,524	716,932
Sidewalk, Curb and Gutter Replacement	3,085,448	812,095	2,273,353
Civic Center Modernization	4,444,715	3,381,645	1,063,070
<i>Outside Group Funding Projects</i>			
Iizuka Sister City Engagement Funding	6,500	2,500	4,000
Leadership Sunnyvale [GF]	6,000	6,000	-
A Sunny Place for Growing Readers	88,316	31,616	56,700
Dispute Resolution Services	45,000	45,000	-
Outside Group Funding Support [GF]	135,000	135,000	-
<i>Capital Projects</i>			
Sunnyvale Traffic Signal Upgrades	83,810	1,680	82,130
RDA Counsel Fees	2,699	1,700	999
Improve Bicycle and Pedestrian Access at Sunnyvale Caltrain Station	383,423	1,743	381,680
Civic Center Phase 2 Planning - Main Library	798,905	4,258	794,647
Lakewood Branch Library Facility	1,481,000	5,000	1,476,000
Re-evaluate Traffic Calming Program and Policy	200,000	10,952	189,048
Traffic Sign Installation and Maintenance	117,565	11,335	106,230
MTC Pavement Management Technical Assistance Program Matching Funds	18,300	18,300	-
Maintenance of 725 Kifer Rd. (SCS Property)	50,000	19,030	30,970
Corporation Yard Site Feasibility and Modernization Plan	41,733	28,425	13,308
Traffic Signal Specifications and Standard Details	31,188	30,092	1,096
Poplar Avenue Sidewalk Study	75,000	69,130	5,870
Peery Park Area Transportation Improvements	704,668	80,907	623,761
Homestead Road Full Time Bicycle Lane Study	116,734	108,334	8,400
Grade Separation Caltrain Crossings Study Issue	199,782	117,679	82,103
Underground Overhead Utilities	659,452	267,088	392,364
<i>Miscellaneous</i>			
Friends of Library Donations			-

Continued

General Fund Appropriations

Budgetary Comparisons

June 30, 2023

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
<i>Special Projects</i>			
239 - 241 Commercial Street Property Maintenance	11,365	9	11,356
Digital Literacy	186,289	86	186,203
Evaluation of Right to Lease Ordinance	58,847	192	58,655
SB379 SolarApp+	80,000	342	79,658
Electronic ADA Compliance	30,000	354	29,646
Green Stormwater Infrastructure Plan Implementation	850,000	565	849,435
Maintenance of City Owned Properties - Downtown	18,000	1,425	16,575
AMD Grant Funds to Columbia Neighborhood Center	3,000	2,806	194
Council Technology Expense	5,474	3,372	2,102
San Andreas Regional Center, After School Recreation Program for All	80,596	3,832	76,764
Stormwater Permit Implementation	275,604	4,609	270,995
Finance Tax Audit	45,000	5,563	39,437
Fire Prevention (HazMat) Technology Project	7,535	6,300	1,235
City-wide Aerial Photos	9,032	9,032	-
Organizational Development	53,806	9,833	43,973
DPS State Homeland Security Grants Program (SHSGP) Project Grants	9,695	10,794	(1,099)
Stormwater-Wastewater Bacteria Control Program	49,000	12,454	36,546
DPS – SCCPH Tobacco Decoy Operation	34,612	13,196	21,416
Minimum Wage Enforcement Agreement	15,000	15,000	-
Biennial National Citizen Survey	16,000	16,000	-
General Plan Updates	371,727	16,089	355,638
Sustainable California Libraries	30,000	16,729	13,271
DPS FY21/22 DOJ Community Oriented Policing (COPS) Micro Grant	37,378	17,075	20,303
SCVURPPP Contracting and Fiscal Agent - General Fund	55,000	17,406	37,594
Tasman Drive Temporary Lane Closure	18,073	18,053	20
Disease Prevention and Health Promotion	60,000	22,790	37,210
DPS State Homeland Security Program [SHSGP] Training Grants	45,583	23,920	21,663
Community Events & Neighborhood Grants	67,893	25,253	42,640
Annual State of the City	46,367	31,589	14,778
FY21/22 DPS EOC Laptop Replacement	35,200	33,879	1,321
Safe Routes to School Program	34,302	34,301	1
DPS - Edward Byrne Memorial Justice Assistance Grant (JAG) Local Funding	35,903	34,565	1,338
DPS Police Services Contract Overtime	28,922	36,502	(7,580)
GIS Onetime Support	149,168	38,640	110,528
Sunnyvale Redistricting	38,750	38,750	-
Downtown Association	40,000	40,000	-
Silicon Valley Healthy Aging Partnership (SVHAP)	69,076	43,615	25,461
Second Harvest Loan Repayment Grant	47,570	47,570	-
Office of Emergency Services	60,803	48,178	12,625
Code Enforcement Activities to Address Substandard Residential Properties	60,020	51,536	8,484
DPS Reimbursable Mutual Aid (Out of County)	52,448	52,397	51
Website Upgrades	75,114	55,277	19,837
DPS Office of Traffic Safety (OTS) Selective Traffic Enforcement Program	134,318	58,644	75,674
Emergency Medical Dispatch First Responder Incentive Funding	331,505	61,424	270,081
Sunnyvale Biennial Elections	489,750	85,762	403,988
Housing Mitigation Fee Study	88,435	88,435	-
Climate Action Plan Implementation	1,231,982	105,675	1,126,307
Creation of Objective Citywide and Specific Area Plan/Citywide Landscape	175,900	122,126	53,774
Cultural Inclusion	260,924	176,553	84,371
Electronic Records Management System	413,556	193,148	220,408
2023 Housing Element Update	315,631	288,158	27,473
Temporary Housing for Unhoused Individuals	500,000	370,941	129,059
Engineering Services for Transportation Related Projects/Priorities	561,259	386,705	174,554
FY 2019/20 Recruitment and Training for Sworn Officers	400,000	395,020	4,980
FY22/23 Recruitment and Training Costs for Sworn Officers	4,440,559	1,270,413	3,170,146
FY 2020/21 Recruitment and Training for Sworn Officers	3,277,256	1,390,532	1,886,724
FY21/22 Recruitment and Training for Sworn Officers	7,875,699	5,449,752	2,425,947
Total Projects	47,339,209	17,809,418	29,529,791
Total Appropriations	306,846,164	240,909,028	65,937,136

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Nonmajor Governmental Funds

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

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

The ***HOME Grant Fund*** accounts for HOME investment partnership grant funds received from the federal government. Other revenues in this fund include repayments of loans. Funds are used to provide affordable housing for low- and very low-income households.

The ***Low and Moderate Income Housing Asset Fund*** was created pursuant to Health & Safety Code Section 34176(d). This Fund is administered by the Housing Successor. The City elected to retain the affordable housing assets and functions previously performed by the RDA by serving as the Housing Successor.

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

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

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

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

The ***Road Maintenance and Rehabilitation Account Fund*** accounts for new tax revenues apportioned from the State under the new Road Repair and Accountability Act of 2017 (SB1). The allocations must be used in the local street and road system.

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

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Nonmajor Governmental Funds

The ***VRF Local Road Improvement Program Fund*** accounts for the use of Measure B vehicle registration fees which are allocated on a population basis to cities in Santa Clara County for local transportation improvements.

The ***2016 Measure B Santa Clara VTA Fund*** accounts for the use of 2016 Measure B half-cent countywide sales tax to enhance transit, highways, expressways and active transportation.

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

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

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

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

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

The ***Civic Center Lease Revenue Bonds Fund*** is used to accumulate resources for the repayment of the 2020 Lease Revenue Bonds that financed a large portion of the construction of the Civic Center.

CITY OF SUNNYVALE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue			
	Community Development Block Grant	HOME Grant	Low and Moderate Income Housing Asset	Asset Forfeiture
Assets:				
Deposits and Investments Held by City	\$ 271,942	\$ 906,664	\$ 3,384,372	\$ 53,953
Receivables	759,268	96,809	19,081	97
Intergovernmental Receivables	-	-	-	-
Housing Loans Receivable	12,811,508	13,001,737	-	-
Total Assets	\$ 13,842,718	\$ 14,005,210	\$ 3,403,453	\$ 54,050
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 382,388	\$ 204,831	\$ 44,586	\$ 293
Due to Other Funds	361,702	-	-	-
Total Liabilities	744,090	204,831	44,586	293
Deferred Inflows of Resources	4,004,907	3,261,584	-	-
Fund Balances:				
Nonspendable	-	-	-	-
Restricted	9,093,721	10,538,795	3,358,867	53,757
Unassigned	-	-	-	-
Total Fund Balances	9,093,721	10,538,795	3,358,867	53,757
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,842,718	\$ 14,005,210	\$ 3,403,453	\$ 54,050

Continued



Special Revenue				
Police Services Augmentation	Parking District	Gas Tax	Road Maintenance and Rehabilitation Account	Transportation Development Act
\$ 303,027	\$ 944,646	\$ 9,369,868	\$ 7,750,003	\$ -
1,945	9,865	46,590	34,288	-
207,903	413	343,447	610,983	234,739
-	-	-	-	-
\$ 512,875	\$ 954,924	\$ 9,759,905	\$ 8,395,274	\$ 234,739
\$ 679	\$ 2,231	\$ 235,993	\$ 38,006	\$ 55,412
-	-	-	-	179,327
679	2,231	235,993	38,006	234,739
207,903	-	-	-	-
-	-	-	-	-
304,293	952,693	9,523,912	8,357,268	-
-	-	-	-	-
304,293	952,693	9,523,912	8,357,268	-
\$ 512,875	\$ 954,924	\$ 9,759,905	\$ 8,395,274	\$ 234,739

Continued

CITY OF SUNNYVALE
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue		
	VRF Local Road Improvement Program	2016 Measure B Santa Clara VTA	Employment Development
Assets:			
Deposits and Investments Held by City	\$ 4,200,260	\$ -	\$ -
Receivables	18,203	-	-
Intergovernmental Receivables	-	1,694,198	2,435,275
Housing Loans Receivable	-	-	-
Total Assets	\$ 4,218,463	\$ 1,694,198	\$ 2,435,275
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 1,616	\$ 1,005,110	\$ 301,082
Due to Other Funds	-	712,257	2,072,951
Total Liabilities	1,616	1,717,367	2,374,033
Deferred Inflows of Resources	-	684,450	-
Fund Balances:			
Nonspendable	-	-	-
Restricted	4,216,847	-	61,242
Unassigned	-	(707,619)	-
Total Fund Balances	4,216,847	(707,619)	61,242
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 4,218,463	\$ 1,694,198	\$ 2,435,275

Continued

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Permanent		Debt Sevice	Total
Swirsky Youth Opportunity	Fremont Pool	Civic Center Lease Revenue Bonds	Nonmajor Governmental Funds
\$ 549,363	\$ 1,069,785	\$ -	\$ 28,803,883
2,653	5,166	-	993,965
-	-	-	5,526,958
-	-	-	25,813,245
<u>\$ 552,016</u>	<u>\$ 1,074,951</u>	<u>\$ -</u>	<u>\$ 61,138,051</u>
\$ -	\$ -	\$ -	\$ 2,272,227
-	-	-	3,326,237
-	-	-	5,598,464
-	-	-	8,158,844
552,016	1,074,951	-	1,626,967
-	-	-	46,461,395
-	-	-	(707,619)
<u>552,016</u>	<u>1,074,951</u>	<u>-</u>	<u>47,380,743</u>
<u>\$ 552,016</u>	<u>\$ 1,074,951</u>	<u>\$ -</u>	<u>\$ 61,138,051</u>

Concluded

CITY OF SUNNYVALE
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023**

	Special Revenue			
	Community Development Block Grant	HOME Grant	Low and Moderate Income Housing Asset	Asset Forfeiture
Revenues:				
Intergovernmental Revenues	\$ 1,466,508	\$ 77,708	\$ -	\$ -
Service Fees	-	-	-	-
Investment Earnings	-	17,720	32,495	32
Other Revenues	119,897	109,983	-	-
Total Revenues	1,586,405	205,411	32,495	32
Expenditures:				
Current:				
Public Safety	-	-	-	3,127
Community Development	1,241,595	604,937	256,748	-
Public Works	-	-	-	-
NOVA Workforce Services	-	-	-	-
Capital Outlay	364,390	-	-	-
Debt Service:				
Interest	-	-	-	-
Total Expenditures	1,605,985	604,937	256,748	3,127
Excess of Revenues Over (Under) Expenditures	(19,580)	(399,526)	(224,253)	(3,095)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	(2,500,000)	-
Total Other Financing Sources (Uses)	-	-	(2,500,000)	-
Net Change in Fund Balances	(19,580)	(399,526)	(2,724,253)	(3,095)
Fund Balances, Beginning of Year	9,113,301	10,938,321	6,083,120	56,852
Fund Balances - End of Year	\$ 9,093,721	\$ 10,538,795	\$ 3,358,867	\$ 53,757

Continued



Special Revenue

Police Services Augmentation	Parking District	Gas Tax	Road Maintenance and Rehabilitation Account	Transportation Development Act
\$ 395,117	\$ -	\$ 3,911,322	\$ 3,486,754	\$ 306,492
-	203,064	-	-	-
4,027	5,926	(40,811)	139,112	-
-	21,600	-	-	-
399,144	230,590	3,870,511	3,625,866	306,492
408,261	-	-	-	-
-	-	-	-	-
-	140,854	824,634	-	-
-	-	-	-	-
-	129	1,644,715	2,201,097	310,921
-	-	-	-	-
408,261	140,983	2,469,349	2,201,097	310,921
(9,117)	89,607	1,401,162	1,424,769	(4,429)
-	-	-	-	-
-	(2,761)	(182,186)	-	-
-	(2,761)	(182,186)	-	-
(9,117)	86,846	1,218,976	1,424,769	(4,429)
313,410	865,847	8,304,936	6,932,499	4,429
\$ 304,293	\$ 952,693	\$ 9,523,912	\$ 8,357,268	\$ -

Continued

CITY OF SUNNYVALE
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2023**

	Special Revenue		
	VRF Local Road Improvement Program	2016 Measure B Santa Clara VTA	Employment Development
Revenues:			
Intergovernmental Revenues	\$ 900,908	\$ 2,298,845	9,071,093
Service Fees	-	-	1,050
Investment Earnings	74,251	-	-
Other Revenues	-	-	22,035
Total Revenues	975,159	2,298,845	9,094,178
Expenditures:			
Current:			
Public Safety	-	-	-
Community Development	-	-	-
Public Works	-	48,575	-
NOVA Workforce Services	-	-	9,055,463
Capital Outlay	74,096	2,281,544	-
Debt Service:			
Interest	-	-	-
Total Expenditures	74,096	2,330,119	9,055,463
Excess of Revenues Over (Under) Expenditures	901,063	(31,274)	38,715
Other Financing Sources (Uses):			
Transfers In	-	-	-
Transfers Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balances	901,063	(31,274)	38,715
Fund Balances, Beginning of Year	3,315,784	(676,345)	22,527
Fund Balances - End of Year	\$ 4,216,847	\$ (707,619)	\$ 61,242

Continued

Permanent		Debt Service	Total
Swirsky Youth Opportunity	Fremont Pool	Civic Center Lease Revenue Bonds	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 21,914,747
-	-	-	204,114
10,777	20,987	-	264,516
-	252	-	273,767
10,777	21,239	-	22,657,144
-	-	-	411,388
-	-	-	2,103,280
-	-	-	1,014,063
-	-	-	9,055,463
-	-	-	6,876,892
-	-	5,055,425	5,055,425
-	-	5,055,425	24,516,511
10,777	21,239	(5,055,425)	(1,859,367)
-	-	5,055,425	5,055,425
(10,777)	(20,987)	-	(2,716,711)
(10,777)	(20,987)	5,055,425	2,338,714
-	252	-	479,347
552,016	1,074,699	-	46,901,396
\$ 552,016	\$ 1,074,951	\$ -	\$ 47,380,743

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, 2023**

	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	\$ 1,481,392	\$ 1,466,508	\$ (14,884)	\$ 1,804,773	\$ 77,708	\$ (1,727,065)
Service Fees	-	-	-	-	-	-
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	-	-	-	26,783	17,720	(9,063)
Other Revenues	203,000	119,897	(83,103)	124,064	109,983	(14,081)
Total Revenues	1,684,392	1,586,405	(97,987)	1,955,620	205,411	(1,750,209)
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	1,151,587	1,241,595	(90,008)	2,082,814	604,937	1,477,877
Public Works	-	-	-	-	-	-
Library and Recreation Services	-	-	-	-	-	-
NOVA Workforce Services	-	-	-	-	-	-
Capital Outlay and Special Projects	448,000	364,390	83,610	1,362,380	-	1,362,380
Total Expenditures	1,599,587	1,605,985	(6,398)	3,445,194	604,937	2,840,257
Excess of Revenues Over (Under) Expenditures	84,805	(19,580)	(104,385)	(1,489,574)	(399,526)	1,090,048
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	(109,151)	-	109,151	(27,838)	-	27,838
Total Other Financing Sources (Uses)	(109,151)	-	109,151	(27,838)	-	27,838
Net Change in Fund Balances	\$ (24,346)	(19,580)	\$ 4,766	\$ (1,517,412)	(399,526)	\$ 1,117,886
Fund Balances - Beginning of Year		9,113,301			10,938,321	
Fund Balances - End of Year		\$ 9,093,721			\$ 10,538,795	

Continued

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Low and Moderate Income								
Housing Asset			Asset Forfeiture			Police Services Augmentation		
Budget	Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 398,801	\$ 395,117	\$ (3,684)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
90,869	32,495	(58,374)	177	32	(145)	12,071	4,027	(8,044)
-	-	-	-	-	-	-	-	-
90,869	32,495	(58,374)	177	32	(145)	410,872	399,144	(11,728)
-	-	-	1,740	3,127	(1,387)	406,735	408,261	(1,526)
291,650	256,748	(34,902)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	16,733	-	16,733	-	-	-
291,650	256,748	(34,902)	18,473	3,127	15,346	406,735	408,261	(1,526)
(200,781)	(224,253)	(23,472)	(18,296)	(3,095)	15,201	4,137	(9,117)	(13,254)
-	-	-	-	-	-	-	-	-
(2,513,620)	(2,500,000)	13,620	-	-	-	-	-	-
(2,513,620)	(2,500,000)	13,620	-	-	-	-	-	-
\$ (2,714,401)	(2,724,253)	\$ (9,852)	\$ (18,296)	(3,095)	\$ 15,201	\$ 4,137	(9,117)	\$ (13,254)
	6,083,120			56,852			313,410	
	\$ 3,358,867			\$ 53,757			\$ 304,293	

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, 2023**

	Parking District			Gas Tax		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
Revenues:						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 3,975,339	\$ 3,911,322	\$ (64,017)
Service Fees	194,902	203,064	8,162	-	-	-
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	23,596	5,926	(17,670)	183,433	(40,811)	(224,244)
Other Revenues	21,600	21,600	-	-	-	-
Total Revenues	240,098	230,590	(9,508)	4,158,772	3,870,511	(288,261)
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	160,839	140,854	19,985	1,250,000	824,634	425,366
Library and Recreation Services	-	-	-	-	-	-
NOVA Workforce Services	-	-	-	-	-	-
Capital Outlay and Special Projects	-	129	(129)	2,283,828	1,644,715	639,113
Total Expenditures	160,839	140,983	19,856	3,533,828	2,469,349	1,064,479
Excess of Revenues Over (Under) Expenditures	79,259	89,607	10,348	624,944	1,401,162	776,218
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	(39,261)	(2,761)	36,500	(137,766)	(182,186)	(44,420)
Total Other Financing Sources (Uses)	(39,261)	(2,761)	36,500	(137,766)	(182,186)	(44,420)
Net Change in Fund Balances	\$ 39,998	86,846	\$ 46,848	\$ 487,178	1,218,976	\$ 731,798
Fund Balances - Beginning of Year		865,847			8,304,936	
Fund Balances - End of Year		\$ 952,693			\$ 9,523,912	

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)
\$ 3,388,440	\$ 3,486,754	\$ 98,314	\$ 530,367	\$ 306,492	\$ (223,875)	\$ 900,908	\$ 900,908	\$ -
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
173,312	139,112	(34,200)	-	-	-	82,895	74,251	(8,644)
-	-	-	-	-	-	-	-	-
3,561,752	3,625,866	64,114	530,367	306,492	(223,875)	983,803	975,159	(8,644)
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
3,335,704	2,201,097	1,134,607	(561)	310,921	(311,482)	1,143,663	74,096	1,069,567
3,335,704	2,201,097	1,134,607	(561)	310,921	(311,482)	1,143,663	74,096	1,069,567
226,048	1,424,769	1,198,721	530,928	(4,429)	(535,357)	(159,860)	901,063	1,060,923
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
\$ 226,048	1,424,769	\$ 1,198,721	\$ 530,928	(4,429)	\$ (535,357)	\$ (159,860)	901,063	\$ 1,060,923
	6,932,499			4,429			3,315,784	
	\$ 8,357,268			\$ -			\$ 4,216,847	

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, 2023**

	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	\$ 17,509,874	\$ 2,298,845	\$ (15,211,029)	\$ 10,523,596	\$ 9,071,093	\$ (1,452,503)
Service Fees	-	-	-	-	1,050.00	1,050
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-
Other Revenues	-	-	-	21,600	22,035	435
Total Revenues	17,509,874	2,298,845	(15,211,029)	10,545,196	9,094,178	(1,451,018)
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	175,546	48,575	126,971	-	-	-
Library and Recreation Services	-	-	-	-	-	-
NOVA Workforce Services	-	-	-	11,065,659	9,055,463	2,010,196
Capital Outlay and Special Projects	4,283,607	2,281,544	2,002,063	-	-	-
Total Expenditures	4,459,153	2,330,119	2,129,034	11,065,659	9,055,463	2,010,196
Excess of Revenues Over (Under) Expenditures	13,050,721	(31,274)	(13,081,995)	(520,463)	38,715	559,178
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	(141,116)	-	141,116
Total Other Financing Sources (Uses)	-	-	-	(141,116)	-	141,116
Net Change in Fund Balances	\$ 13,050,721	(31,274)	\$ (13,081,995)	\$ (661,579)	38,715	\$ 700,294
Fund Balances - Beginning of Year		(676,345)			22,527	
Fund Balances - End of Year		\$ (707,619)			\$ 61,242	

Continued

Youth And Neighborhood Services Fund**

Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
\$ 312,780	\$ 229,971	\$ (82,809)
-	15,363	15,363
79,724	149,293	69,569
6,163	10,699	4,536
-	38,385	38,385
<u>398,667</u>	<u>443,711</u>	<u>45,044</u>
-	-	-
-	-	-
-	-	-
914,800	1,032,936	(118,136)
-	-	-
-	-	-
<u>914,800</u>	<u>1,032,936</u>	<u>(118,136)</u>
<u>(516,133)</u>	<u>(589,225)</u>	<u>(73,092)</u>
669,483	669,483	-
(129,721)	-	129,721
<u>539,762</u>	<u>669,483</u>	<u>129,721</u>
<u>\$ 23,629</u>	<u>80,258</u>	<u>\$ 56,629</u>
	<u>(12,838)</u>	
	<u>\$ 67,420</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, 2023***

	Civic Center Lease Revenue Bonds		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive Negative
Expenditures:			
Interest	\$ -	\$ 5,055,425	\$ (5,055,425)
Other Financing Sources:			
Transfers in	-	5,055,425	(5,055,425)
Net Change in Fund Balances	-	-	-
Fund Balances - Beginning of Year		-	
Fund Balances - End of Year		\$ -	

CITY OF SUNNYVALE

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Permanent Funds
Year Ended June 30, 2023

	Swirsky Youth Opportunity			Fremont Pool		
		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)		Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
	Budget			Budget		
Revenues:						
Investment Earnings	\$ 13,800	\$ 10,777	\$ (3,023)	\$ 26,867	\$ 20,987	\$ (5,880)
Other revenues	-	-	-	-	252	252
Total Revenues	13,800	10,777	(3,023)	26,867	21,239	(5,628)
Other Financing Sources (Uses):						
Transfers Out	(13,800)	(10,777)	3,023	(26,867)	(20,987)	5,880
Total Other Financing Sources (Uses)	(13,800)	(10,777)	3,023	(26,867)	(20,987)	5,880
Change in Fund Balances	-	-	-	-	252	252
Net Change in Fund Balances	\$ -	-	\$ -	\$ -	252	\$ 252
Fund Balances - Beginning of Year		552,016			1,074,699	
Fund Balances - End of Year		\$ 552,016			\$ 1,074,951	

Concluded

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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.

CITY OF SUNNYVALE
**Combining Statement of Net Position
All Internal Service Funds
June 30, 2023**

	General Services	Employee Payroll & Benefits	Property and Liability Insurance	Totals
Assets:				
Current Assets:				
Deposits and Investments Held by City	\$ 15,191,790	\$ 37,446,701	\$ 245,729	\$ 52,884,220
Receivables	157,738	261,212	4,819	423,769
Inventories and Prepaid Items	3,259,931	213,441	-	3,473,372
Restricted Assets:				
Deposits and Investments Held by Fiscal Agent and Trustee	-	14,539,925	-	14,539,925
Total Current Assets	18,609,459	52,461,279	250,548	71,321,286
Capital Assets:				
Receivables from Employees (Note 6)	-	3,166,155	-	3,166,155
Land & Nondepreciable Assets	16,379,412	-	-	16,379,412
Depreciable Buildings, Property, Equipment and Infrastructure, Net	23,661,774	-	-	23,661,774
Total Assets	58,650,645	55,627,434	250,548	114,528,627
Deferred Outflows of Resources	11,349,992	1,664,392	77,407	13,091,791
Liabilities:				
Current Liabilities:				
Wages Payable	-	2,414,513	-	2,414,513
Accounts Payable and Accrued Liabilities	1,035,836	103,255	31,377	1,170,468
Interest Payable	82,130	-	-	82,130
Subscriptions	1,478,443	-	-	1,478,443
Claims and Judgments Payable - Due Within One Year	-	4,485,459	897,491	5,382,950
Compensated Absences Payable - Due Within One Year	-	14,689,071	-	14,689,071
Total Current Liabilities	2,596,409	21,692,298	928,868	25,217,575
Noncurrent Liabilities:				
Subscriptions	3,051,782	-	-	3,051,782
Claims and Judgments Payable- Due in More than One Year	-	15,511,541	1,947,509	17,459,050
Compensated Absences Payable - Due in More than One Year	-	7,165,076	-	7,165,076
Net Pension Liability	25,963,039	1,539,513	271,119	27,773,671
Net OPEB Liability	2,978,328	176,320	42,389	3,197,037
Total Noncurrent Liabilities	31,993,149	24,392,450	2,261,017	58,646,616
Total Liabilities	34,589,558	46,084,748	3,189,885	83,864,191
Deferred Inflows of Resources	2,395,429	151,824	14,302	2,561,555
Net Position				
Net Investment in Capital Assets	40,041,186	-	-	40,041,186
Unrestricted	(7,025,536)	11,055,254	(2,876,232)	1,153,486
Net Position	\$ 33,015,650	\$ 11,055,254	\$ (2,876,232)	\$ 41,194,672

CITY OF SUNNYVALE

Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
June 30, 2023

	General Services	Employee Payroll & Benefits	Property and Liability Insurance	Totals
Operating Revenues:				
Charges for Services	\$ 29,205,061	\$ 117,108,392	\$ 4,087,589	\$ 150,401,042
Operating Expenses:				
Personnel Services	15,720,600	25,940,116	91,154	41,751,870
Contractual Services	7,400,632	2,298	109,518	7,512,448
Material and Supplies	2,670,311	-	670	2,670,981
Utilities	3,205,049	-	-	3,205,049
Equipment and Building Rental	2,154,385	-	8,044	2,162,429
Insurance Premiums and Claims	-	29,427,447	4,226,346	33,653,793
Retirement Premiums	-	54,296,297	-	54,296,297
Other Operating Expenses	246,603	400	420	247,423
Depreciation	4,018,550	-	-	4,018,550
Total Operating Expenses	35,416,130	109,666,558	4,436,152	149,518,840
Operating Income (Loss)	(6,211,069)	7,441,834	(348,563)	882,202
Nonoperating Revenues:				
Investment Earnings (Loss)	167,488	1,086,906	19,453	1,273,847
Interest Expense	(136,022)	-	-	(136,022)
Total Nonoperating Revenues	31,466	1,086,906	19,453	1,137,825
Income (Loss) before Transfers	(6,179,603)	8,528,740	(329,110)	2,020,027
Transfers In	7,222,283	-	-	7,222,283
Transfers Out	(1,139,397)	(2,343,256)	-	(3,482,653)
Change in Net Position	(96,717)	6,185,484	(329,110)	5,759,657
Net Position (Deficit) - Beginning of Year	33,112,367	4,869,770	(2,547,122)	35,435,015
Net Position (Deficit) - End of Year	\$ 33,015,650	\$ 11,055,254	\$ (2,876,232)	\$ 41,194,672

CITY OF SUNNYVALE
**Combining Statement of Cash Flows
All Internal Service Funds
Year Ended June 30, 2023**

	General Services	Employee Payroll & Benefits	Property and Liability Insurance	Totals
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 955,239	\$ 71,022	\$ -	\$ 1,026,261
Cash Received for Interfund Services Provided	28,302,463	117,012,407	4,090,134	149,405,004
Cash Payments to Suppliers of Goods and Services	(17,887,524)	(54,396,695)	(104,293)	(72,388,512)
Cash Payments for Employee Services	(15,778,926)	(24,177,460)	(84,936)	(40,041,322)
Insurance and Claims Paid	-	(28,940,447)	(4,739,346)	(33,679,793)
Net Cash Provided by (Used for) Operating Activities	(4,408,748)	9,568,827	(838,441)	4,321,638
Cash Flows from Noncapital Financing Activities:				
Transfers In	7,222,283	-	-	7,222,283
Transfers Out	(1,139,397)	(2,343,256)	-	(3,482,653)
Net Cash Provided by Noncapital Financing Activities	6,082,886	(2,343,256)	-	3,739,630
Cash Flows from Capital and Related Financing Activities:				
Principal Paid on Subscription Liabilities	(1,673,971)	-	-	(1,673,971)
Interest Paid on Long-Term Debt	(53,892)	-	-	(53,892)
Acquisition and Construction of Capital Assets	(5,249,779)	-	-	(5,249,779)
Net Cash Used for Capital and Related Financing Activities	(6,977,642)	-	-	(6,977,642)
Cash Flows from Investing Activities:				
Interest (Loss) on Investments	167,488	1,086,906	19,453	1,273,847
Net Cash Provided by (Used for) Investing Activities	167,488	1,086,906	19,453	1,273,847
Net Increase (Decrease) in Cash and Cash Equivalents	(5,136,016)	8,312,477	(818,988)	2,357,473
Cash and Cash Equivalents - Beginning of Year	20,327,806	43,674,149	1,064,717	65,066,672
Cash and Cash Equivalents - End of Year	\$ 15,191,790	\$ 51,986,626	\$ 245,729	\$ 67,424,145
Reconciliation to Statement of Net Position:				
Cash and Investments Held by City	\$ 15,191,790	\$ 37,446,701	\$ 245,729	\$ 52,884,220
Cash and Investments Held by Fiscal Agent and Trustee	-	14,539,925	-	14,539,925
Total Cash and Investments	\$ 15,191,790	\$ 51,986,626	\$ 245,729	\$ 67,424,145

Continued

CITY OF SUNNYVALE

Combining Statement of Cash Flows
All Internal Service Funds
Year Ended June 30, 2023

	General Services	Employee Payroll & Benefits	Property and Liability Insurance	Totals
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (6,211,069)	\$ 7,441,834	\$ (348,563)	\$ 882,202
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	4,018,550	-	-	4,018,550
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:				
Receivables	52,641	(24,963)	2,545	30,223
Inventories and Prepayments	(1,873,395)	(1,787)	-	(1,875,182)
Refundable Deposits	(8,518)	-	-	(8,518)
Accounts Payable and Accrued Liabilities	(328,631)	(95,913)	14,359	(410,185)
Wages Payable	-	401,777	-	401,777
Claims and Judgments Payable	-	487,000	(513,000)	(26,000)
Compensated Absences Payable	-	1,157,614	-	1,157,614
Deferred Outflows Related to Pensions and OPEB	(6,522,295)	(1,664,392)	(48,262)	(8,234,949)
Deferred Inflows Related to Pensions and OPEB	(6,998,520)	151,824	(27,268)	(6,873,964)
Net Pension Liability	12,562,376	1,539,513	76,274	14,178,163
Net OPEB Liability	900,113	176,320	5,474	1,081,907
Net Cash Provided (Used) by Operating Activities	\$ (4,408,748)	\$ 9,568,827	\$ (838,441)	\$ 4,321,638

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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, 2023

	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	\$ 138,120	\$ 1,141	\$ 139,261
Deposits and Investments not in City Treasury Pool	-	287,261	287,261
Receivables	1,062	12,456,280	12,457,342
Capital Assets:			
Land and Nondepreciable Assets	-	13,959,752	13,959,752
Total Assets	139,182	26,704,434	26,843,616
Liabilities:			
Accounts Payable and Accrued Liabilities	1,490	1,170	2,660
Long-term Obligations :			
Due Within One Year	-	70,000	70,000
Due in More Than One Year	-	39,781,403	39,781,403
Total Liabilities	1,490	39,852,573	39,854,063
Net Position:			
Held in Trust for Private Purpose	\$ 137,692	\$ (13,148,139)	\$ (13,010,447)

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private-Purpose Trust Funds
Year Ended June 30, 2023

	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	\$ 29,096	\$ -	\$ 29,096
Investment Earnings	2,435	9,972	12,407
Total Additions	31,531	9,972	41,503
Deductions:			
Projects Management	18,903	374	19,277
City Loan Interest Added to Loan Principal	-	839,154	839,154
Debt Services Payments	-	2,194	2,194
Fiscal Agent Trustee Fees	-	3,500	3,500
Administrative Expenses	-	110,629	110,629
Total Deductions	18,903	955,851	974,754
Change in Net Position	12,628	(945,879)	(933,251)
Net Position, Beginning of Year	125,064	(12,202,260)	(12,077,196)
Net Position, End of Year	\$ 137,692	\$ (13,148,139)	\$ (13,010,447)

CITY OF SUNNYVALE**Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2023**

	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	\$ 2,145,392	\$ -	\$ -	\$ 2,145,392
Deposits and Investments not in City Treasury Pool	-	1,505,155	1,217,418	2,722,573
Deposits and Investments Held by Fiscal Agent	1,855,934	-	-	1,855,934
Receivables	52,947	-	-	52,947
Total Assets	4,054,273	1,505,155	1,217,418	6,776,846
Net Position:				
Held for other agencies	\$ 4,054,273	\$ 1,505,155	\$ 1,217,418	\$ 6,776,846

Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
Year Ended June 30, 2023

	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	\$ 1,650,270	\$ -	\$ -	\$ 1,650,270
Contributions from Participating Government Agencies	-	5,280,992	-	5,280,992
Contributions from Non-Government Agencies	-	-	160,994	160,994
Investment Earnings	109,619	-	-	109,619
Total Additions	1,759,889	5,280,992	160,994	7,201,875
Deductions:				
Debt Services Payments	1,717,825	-	-	1,717,825
Program Expenses	-	33,851	-	33,851
Agreements, Fees and Monitoring	-	5,562,765	-	5,562,765
Administrative Expenses	9,086	-	65,206	74,292
Total Deductions	1,726,911	5,596,616	65,206	7,388,733
Change in Net Position	32,978	(315,624)	95,788	(186,858)
Net Position:				
Beginning of Year	4,021,295	1,820,779	1,121,630	6,963,704
End of Year	\$ 4,054,273	\$ 1,505,155	\$ 1,217,418	\$ 6,776,846

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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.	215-221
<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.	222-226
<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.	227-230
<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.	231-233
<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.	234-235

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CITY OF SUNNYVALE

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities										
Net Investment in Capital Assets	\$ 711,927	\$ 681,963	\$ 578,405	\$ 528,996	\$ 478,865	\$ 471,295	\$ 459,015	\$ 453,364	\$ 435,271	\$ 426,044
Restricted	422,491	374,668	329,084	347,627	316,350	288,199	232,876	189,436	153,631	145,874
Unrestricted ²	(27,438)	(38,065)	(104,838)	(81,803)	(59,819)	(109,823)	(4,091)	(13,422)	(46,498)	204,836
Total Governmental Activities Net Position	<u>\$ 1,106,980</u>	<u>\$ 1,018,566</u>	<u>\$ 802,651</u>	<u>\$ 794,820</u>	<u>\$ 735,396</u>	<u>\$ 649,671</u>	<u>\$ 687,800</u>	<u>\$ 629,378</u>	<u>\$ 542,404</u>	<u>\$ 776,754</u>
Business-type activities										
Net Investment in Capital Assets	\$ 207,336	\$ 175,054	\$ 161,882	\$ 159,176	\$ 153,121	\$ 133,615	\$ 116,934	\$ 101,526	\$ 90,914	\$ 77,389
Restricted	6,626	5,271	5,271	5,271	5,271	5,271	5,271	-	-	-
Unrestricted ²	200,660	204,463	154,804	130,935	75,471	31,693	6,185	(2,906)	(16,659)	12,068
Total Business-Type Activities Net Position	<u>\$ 414,622</u>	<u>\$ 384,788</u>	<u>\$ 321,957</u>	<u>\$ 295,382</u>	<u>\$ 233,863</u>	<u>\$ 170,579</u>	<u>\$ 128,390</u>	<u>\$ 98,620</u>	<u>\$ 74,255</u>	<u>\$ 89,457</u>
Primary Government										
Net Investment in Capital Assets	\$ 919,263	\$ 857,017	\$ 740,287	\$ 688,172	\$ 631,986	\$ 604,910	\$ 575,949	\$ 554,890	\$ 526,185	\$ 503,433
Restricted	429,117	379,939	334,355	352,898	321,621	293,470	238,147	189,436	153,631	145,874
Unrestricted ²	173,222	166,398	49,966	49,132	15,652	(78,130)	2,094	(16,328)	(63,157)	216,904
Total Primary Government Net Position	<u>\$ 1,521,602</u>	<u>\$ 1,403,354</u>	<u>\$ 1,124,608</u>	<u>\$ 1,090,202</u>	<u>\$ 969,259</u>	<u>\$ 820,250</u>	<u>\$ 816,190</u>	<u>\$ 727,998</u>	<u>\$ 616,659</u>	<u>\$ 866,211</u>

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Expenses:										
Governmental Activities:										
Planning and Management	\$ 23,263	\$ 18,261	\$ 18,959	\$ 17,074	\$ 15,766	\$ 17,961	\$ 13,342	\$ 9,548	\$ 19,431	\$ 18,678
Public Safety	115,049	86,275	113,535	122,840	111,998	106,371	94,623	83,058	82,086	80,022
Community Development	8,671	10,341	8,182	22,849	21,901	20,562	17,676	18,025	16,351	21,922
Public Works	48,313	35,280	35,464	21,887	19,179	23,958	18,157	15,950	17,022	18,822
Environmental Services	3,581	2,495	2,668	3,653	3,178	2,455	1,248	1,864	913	1,993
Library and Recreation Services	23,602	20,525	18,698	19,784	18,920	19,118	17,628	16,194	17,216	16,222
NOVA Workforce Services	8,757	5,876	9,040	11,939	12,019	13,260	11,776	11,548	8,919	8,874
Interest on Long-term Debt	4,603	4,525	3,813	382	467	504	494	473	573	648
Total Governmental Activities	235,839	183,578	210,359	220,408	203,428	204,189	174,944	156,660	162,511	167,181
Business-Type Activities:										
Water Supply and Distribution	54,257	50,104	51,097	50,466	48,034	46,296	44,104	36,294	29,303	31,732
Wastewater Management	41,286	32,257	33,635	30,477	31,390	29,664	26,645	24,237	22,353	22,101
Solid Waste Management	57,419	49,509	44,397	45,134	43,969	40,748	40,734	39,357	36,576	36,496
SMaRT Station	27,709	26,251	27,070	29,304	29,050	28,098	28,056	27,202	27,389	27,426
Development	19,055	13,732	16,435	16,680	15,774	13,447	10,980	8,945	7,671	-
Golf & Tennis Operations or Community Recreation	5,536	4,654	4,987	5,900	5,565	4,799	4,184	3,636	3,473	3,621
Total Business-Type Activities	205,262	176,507	177,621	177,961	173,782	163,052	154,703	139,671	126,765	121,376
Total Primary Government Expenses	\$ 441,101	\$ 360,085	\$ 387,980	\$ 398,369	\$ 377,210	\$ 367,241	\$ 329,647	\$ 296,331	\$ 289,276	\$ 288,557
Program Revenues:										
Governmental Activities:										
Charges for Services										
Planning and Management	\$ 1,057	\$ 1,164	\$ 722	\$ 467	\$ 316	\$ 607	\$ 478	\$ 278	\$ 563	\$ 427
Public Safety	4,147	4,144	3,441	4,494	4,705	4,301	3,827	3,716	3,713	3,573
Community Development	52,346	73,002	8,438	42,460	26,917	47,359	30,861	35,141	12,464	30,322
Public Works	4,208	12,710	2,724	5,526	5,252	8,510	3,004	4,162	3,157	3,783
Environmental Management	93	-	-	9	1	-	-	1	-	954
Library and Recreation Services	5,901	4,645	2,093	3,197	5,114	4,731	4,770	4,871	4,674	4,446
NOVA Workforce Services	-	-	-	402	269	100	112	98	110	98
Operating Grants and Contributions	16,025	67,108	18,152	18,324	17,530	19,314	19,932	18,767	15,616	16,198
Capital Grants and Contributions	31,497	71,218	19,615	16,296	12,256	14,111	26,895	21,323	12,789	6,831
Total Governmental Activities Program Revenues	115,274	233,991	55,185	91,175	72,360	99,033	89,879	88,357	53,086	66,632

Business-Type Activities:

Charges for Services										
Water Supply and Distribution	57,790	67,853	61,433	64,727	64,560	60,749	45,311	36,300	33,568	39,066
Wastewater Management	59,794	69,679	50,283	60,453	57,171	53,494	37,720	37,071	31,487	32,078
Solid Waste Management	57,453	54,107	50,450	52,459	54,240	50,418	47,952	46,585	43,236	42,033
SMaRT Station	29,048	26,943	26,491	27,472	27,994	25,349	26,443	25,827	25,817	25,749
Development	22,076	23,904	14,470	22,448	24,379	21,878	19,371	15,850	13,832	-
Golf & Tennis Operations or Community Recreation	5,000	5,041	4,701	3,402	3,586	3,361	3,107	3,186	3,528	3,572
Capital Grants and Contributions	3,934	5,188	1,653	658	775	1,612	5,658	368	1,916	401
Total Business-Type Activities Program Revenues	235,095	252,715	209,481	231,619	232,705	216,861	185,562	165,187	153,384	142,899
Total Primary Government Program Revenues	\$ 350,369	\$ 486,706	\$ 264,666	\$ 322,794	\$ 305,065	\$ 315,894	\$ 275,441	\$ 253,544	\$ 206,470	\$ 209,531
Net (Expense)/Revenue										
Governmental Activities	\$ (120,565)	\$ 50,414	\$ (155,174)	\$ (129,233)	\$ (131,068)	\$ (105,156)	\$ (85,065)	\$ (68,303)	\$ (109,425)	\$ (100,549)
Business-Type Activities	29,833	76,207	31,860	53,658	58,923	53,809	30,859	25,516	26,619	21,523
Total Primary Government Net Expense	\$ (90,732)	\$ 126,621	\$ (123,314)	\$ (75,575)	\$ (72,145)	\$ (51,347)	\$ (54,206)	\$ (42,787)	\$ (82,806)	\$ (79,026)

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

Taxes										
Property Taxes	\$ 120,086	\$ 113,500	\$ 101,528	\$ 92,069	\$ 85,057	\$ 74,572	\$ 67,899	\$ 64,168	\$ 56,560	\$ 50,515
Sales and Use Taxes	38,374	35,807	25,906	27,118	32,220	31,314	29,408	31,357	29,676	30,195
Motor Vehicle License Fees	-	-	-	-	-	-	-	-	-	-
Franchise Fees, Unrestricted	7,692	7,222	6,980	7,180	6,976	7,160	7,118	7,057	6,898	6,694
Utilities Users Taxes	10,388	8,594	8,590	8,259	8,303	7,854	7,334	6,901	6,774	6,754
Transient Occupancy Taxes	16,963	10,584	5,192	15,930	21,249	17,742	16,590	16,295	14,137	10,859
Real Property Transfer Taxes	1,532	2,953	1,970	1,815	2,002	2,075	1,770	1,972	1,765	1,674
Construction Taxes	3,792	5,548	2,454	5,171	6,346	4,961	4,719	3,298	3,066	2,984
Business License Taxes	1,985	2,045	1,923	1,935	1,953	1,838	1,819	1,872	1,846	1,742
Investment Earnings	5,611	(24,304)	2,305	26,831	18,762	3,389	1,094	2,682	1,702	1,710
Interest Accrued from Advances to Business-Type Activities	334	453	568	458	477	395	2,421	2,613	2,793	2,922
Interest Accrued from Advances to Former RDA	-	-	-	-	-	911	565	49	64	56
Extraordinary Items	-	-	-	-	-	(29,329)	-	-	-	-
Gain on Disposal of Assets	-	-	-	-	32,072	13,906	-	12,822	-	-
Miscellaneous	-	-	-	25	-	1,202	1,221	2,260	1,274	1,617
Transfers	2,223	3,100	5,588	1,866	1,376	(1,059)	1,529	1,930	12,743	9,943
Total Governmental Activities	208,980	165,502	163,004	188,657	216,793	136,931	143,487	155,276	139,298	127,665
Business-type Activities										
Investment Earnings	2,223	(10,277)	304	9,727	5,737	835	440	780	541	499
Transfers	(2,223)	(3,100)	(5,588)	(1,866)	(1,376)	1,059	(1,529)	(1,930)	(12,743)	(9,943)
Total Business-Type Activities	-	(13,377)	(5,284)	7,861	4,361	1,894	(1,089)	(1,150)	(12,202)	(9,444)
Total Primary Government	\$ 208,980	\$ 152,125	\$ 157,720	\$ 196,518	\$ 221,154	\$ 138,825	\$ 142,398	\$ 154,126	\$ 127,096	\$ 118,221
Change in Net Position										
Governmental Activities	\$ 88,415	\$ 215,916	\$ 7,830	\$ 59,424	\$ 85,725	\$ 31,775	\$ 58,422	\$ 86,973	\$ 29,873	\$ 27,116
Business-Type Activities	29,833	62,830	26,576	61,519	63,284	55,703	29,770	24,365	14,417	12,079
Total Primary Government	\$ 118,248	\$ 278,746	\$ 34,406	\$ 120,943	\$ 149,009	\$ 87,478	\$ 88,192	\$ 111,338	\$ 44,290	\$ 39,195

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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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Fund										
Nonspendable	\$ 3,001	\$ 2,910	\$ 3,202	\$ 3,797	\$ 5,518	\$ 5,861	\$ 7,554	\$ 6,261	\$ 4,596	\$ 5,488
Restricted	2,707	3,762	3,102	3,066	2,914	2,808	2,724	2,554	2,500	2,413
Committed	67,517	67,642	77,606	59,439	46,896	60,532	57,745	55,240	32,402	42,015
Unassigned	95,800	93,707	46,236	59,883	71,030	63,686	60,979	57,423	59,096	52,868
Total General Fund	<u>\$ 169,025</u>	<u>\$ 168,021</u>	<u>\$ 130,146</u>	<u>\$ 126,185</u>	<u>\$ 126,358</u>	<u>\$ 132,887</u>	<u>\$ 129,002</u>	<u>\$ 121,478</u>	<u>\$ 98,594</u>	<u>\$ 102,784</u>
All Other Governmental Funds										
Nonspendable	\$ 1,627	\$ 1,627	\$ 1,626	\$ 1,625	\$ 1,626	\$ 1,609	\$ 1,880	\$ 1,882	\$ 1,883	\$ 1,885
Restricted	401,959	382,183	422,519	333,472	304,524	275,278	221,328	179,053	143,788	93,137
Committed	-	-	2,486	4,297	22,804	-	-	-	-	-
Assigned	93,014	76,800	71,583	70,926	50,904	16,434	14,886	15,368	14,216	12,267
Unassigned	(708)	(676)	(750)	-	-	(91)	(5)	-	-	-
Total All Other Governmental Funds	<u>\$ 495,892</u>	<u>\$ 459,934</u>	<u>\$ 497,464</u>	<u>\$ 410,320</u>	<u>\$ 379,858</u>	<u>\$ 293,230</u>	<u>\$ 238,089</u>	<u>\$ 196,303</u>	<u>\$ 159,887</u>	<u>\$ 107,289</u>

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

	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Revenues										
Property Taxes	\$ 120,086	\$ 113,500	\$ 101,297	\$ 91,839	\$ 84,828	\$ 74,350	\$ 67,676	\$ 63,945	\$ 56,337	\$ 50,294
Sales and Use Taxes	38,374	35,807	25,905	28,827	33,829	33,148	31,017	32,914	31,212	31,672
Other Taxes	34,660	29,724	20,130	33,110	39,853	34,469	32,232	30,338	27,588	24,013
Franchise Fees	7,692	7,222	6,980	7,179	6,976	7,160	7,118	7,057	6,898	6,694
Intergovernmental Revenues	36,475	59,086	35,975	26,548	22,959	23,936	22,461	21,757	18,077	19,659
Permits and Licenses	2,149	2,066	1,894	2,130	1,938	1,699	1,287	1,297	1,308	9,796
Fines and Forfeitures	361	555	733	1,104	1,252	1,106	1,217	1,312	1,174	1,199
Special Assessments	6	6	6	6	6	6	6	6	6	26
Service Fees	60,824	104,686	13,078	51,883	40,160	61,688	37,455	46,554	19,719	30,250
Rents and Concessions	2,654	1,944	1,290	1,225	1,653	1,404	1,483	1,469	1,494	1,408
Interest Received from										
Interfund Advances	4,420	4,420	4,420	4,451	4,787	4,787	5,364	5,364	4,862	1,616
Investment Earnings	4,337	(20,398)	986	22,845	15,816	2,962	1,012	2,112	1,320	1,361
Other Revenues ¹	2,004	2,042	1,281	2,715	1,669	2,499	20,123	1,931	1,350	4,016
Total Revenues	314,042	340,660	213,975	273,862	255,726	249,214	228,451	216,056	171,345	182,004
Expenditures										
Planning and Management	20,617	18,534	16,020	13,502	11,314	11,315	12,107	9,632	19,021	17,882
Public Safety	116,644	105,516	109,467	107,285	104,340	98,116	92,113	88,392	82,490	81,129
Community Development ²	5,928	8,601	5,298	18,352	17,805	16,509	15,262	13,594	14,120	30,898
Public Works	28,511	26,607	24,726	11,300	10,432	10,387	10,140	10,072	12,698	13,811
Environmental Services	2,944	2,532	2,411	3,147	2,871	1,341	1,163	1,801	647	1,948
Library and Recreation Services ³	23,399	22,117	18,270	17,881	17,612	16,709	16,995	16,314	15,721	15,209
NOVA Workforce Services	9,055	8,604	9,130	11,063	11,181	12,552	11,841	11,812	8,834	8,392
Capital Outlay	63,451	140,773	91,826	58,759	17,407	33,764	17,764	19,133	10,337	15,596
Debt Service:										
Principal Retirement	1,309	1,150	10,745	1,715	1,605	1,535	1,465	1,395	1,335	1,280
Interest	5,088	5,147	2,104	312	388	415	419	394	427	468
Fiscal Charges	9	18	875	83	91	100	86	89	156	189
Total Expenditures	276,955	339,599	290,872	243,399	195,046	202,743	179,355	172,628	165,786	186,802

Excess (Deficiency) of Revenues										
Over (Under) Expenditures	37,087	1,061	(76,897)	30,463	60,680	46,471	49,096	43,428	5,559	(4,798)
Other Financing Sources (Uses):										
Bonds Issued	-	-	131,200	-	-	-	-	-	-	-
Bonds Premium	-	-	19,637	-	-	-	-	-	-	-
Transfers In	34,098	41,284	40,958	23,853	48,188	44,632	11,098	10,378	22,588	30,481
Transfers Out	(34,222)	(42,001)	(23,792)	(24,028)	(61,842)	(53,077)	(10,884)	(9,186)	(22,978)	(19,203)
Proceeds from Sale of Capital Assets	-	-	-	-	33,073	21,000	-	14,680	-	870
Total Other Financing Sources (Uses)	<u>(124)</u>	<u>(717)</u>	<u>168,003</u>	<u>(175)</u>	<u>19,419</u>	<u>12,555</u>	<u>214</u>	<u>15,872</u>	<u>(390)</u>	<u>12,148</u>
Net Change in Fund Balances	<u>\$ 36,963</u>	<u>\$ 344</u>	<u>\$ 91,106</u>	<u>\$ 30,288</u>	<u>\$ 80,099</u>	<u>\$ 59,026</u>	<u>\$ 49,310</u>	<u>\$ 59,300</u>	<u>\$ 5,169</u>	<u>\$ 7,350</u>
Capital Expenditures	\$ 47,570	\$ 132,676	\$ 82,945	\$ 51,821	\$ 11,966	\$ 15,663	\$ 11,691	\$ 11,969	\$ 7,299	\$ 12,077
Debt Service as a Percentage of										
Noncapital Expenditures	2.8%	3.0%	6.2%	1.1%	1.1%	1.0%	1.1%	1.1%	1.1%	1.0%

- 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									
		2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Property	\$	120,086	\$ 113,500	\$ 101,297	\$ 91,839	\$ 84,828	\$ 74,350	\$ 67,676	\$ 63,945	\$ 56,337	\$ 50,294
Sales and Use		38,374	35,807	25,906	28,827	33,829	33,148	31,017	32,914	31,212	31,672
Transient Occupancy		16,962	10,584	5,192	15,930	21,249	17,742	16,590	16,295	14,137	10,859
Utility Users		10,388	8,594	8,590	8,259	8,303	7,854	7,334	6,901	6,774	6,754
Business Licenses		1,985	2,045	1,923	1,935	1,953	1,837	1,819	1,872	1,846	1,742
Real Property Transfer		1,533	2,953	1,970	1,815	2,002	2,075	1,770	1,972	1,765	1,674
Construction		3,792	5,548	2,454	5,171	6,346	4,961	4,719	3,298	3,066	2,984
Franchise		7,692	7,222	6,980	7,179	6,976	7,160	7,118	7,057	6,898	6,694
Total	\$	<u>200,812</u>	<u>\$ 186,253</u>	<u>\$ 154,312</u>	<u>\$ 160,955</u>	<u>\$ 165,486</u>	<u>\$ 149,127</u>	<u>\$ 138,043</u>	<u>\$ 134,254</u>	<u>\$ 122,035</u>	<u>\$ 112,673</u>

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
2014	\$ 16,609,382,728	\$ 3,770,159,047	\$ 6,028,000,066	\$ 432,398,085	\$ 2,893,032,074	\$ 29,732,972,000	\$ 485,541,786	\$ 29,247,430,214	1.0%
2015	17,767,517,570	4,169,748,259	6,064,429,240	525,692,456	3,301,086,598	31,828,474,123	398,883,418	31,429,590,705	1.0%
2016	19,451,693,480	5,263,186,637	7,068,520,319	611,867,808	2,842,769,440	35,238,037,684	438,314,393	34,799,723,291	1.0%
2017	21,132,236,511	6,245,020,580	7,582,898,635	777,478,976	2,941,677,250	38,679,311,952	479,970,823	38,199,341,129	1.0%
2018	23,081,956,452	7,201,345,311	7,551,341,687	875,789,104	3,467,249,797	42,177,682,351	494,892,657	41,682,789,694	1.0%
2019	25,156,372,680	8,856,076,181	8,267,965,238	788,203,756	3,882,340,213	46,950,958,068	599,128,346	46,351,829,722	1.0%
2020	27,555,465,388	9,383,956,474	8,879,451,579	867,530,149	3,677,522,864	50,363,926,454	688,171,499	49,675,754,955	1.0%
2021	29,246,014,436	11,513,434,070	9,593,300,464	964,260,386	4,194,128,627	55,511,137,983	682,232,552	54,828,905,431	1.0%
2022	31,087,858,309	11,891,331,537	10,630,932,250	846,957,214	3,817,323,012	58,274,402,322	691,320,265	57,583,082,057	1.0%
2023	33,723,972,437	14,502,035,996	9,750,210,654	961,474,734	4,072,730,066	63,010,423,887	782,467,856	62,227,956,031	1.0%

Source: County of Santa Clara Assessor's Office

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

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.

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
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	0.00630	0.00610	0.00690	0.00690	0.00720	0.00820	0.00860	0.00880	0.00910	0.00350
County Housing Bond	0.01080	0.01266	-	0.01000	0.01050	0.01266	-	-	-	-
Special District										
Santa Clara Valley Water District	0.00440	0.00510	0.00370	0.00410	0.00420	0.00620	0.00860	0.00570	0.00650	0.00700
El Camino Hospital	0.00900	0.01000	0.01000	0.01000	0.01000	0.01000	0.01290	0.01290	0.01290	0.01290
Midpeninsula Regional Open Space	0.00130	0.00150	0.00150	0.00160	0.00180	0.00090	0.00060	0.00080	-	-
School Districts										
Sunnyvale School District	0.03230	0.03250	0.03340	0.03450	0.03680	0.03680	0.02630	0.04090	0.04920	0.03640
Cupertino Elementary	0.03680	0.03800	0.04030	0.04150	0.03970	0.04960	0.05090	0.05190	0.05400	0.05250
Los Altos Elementary	0.02080	0.05110	0.07130	0.04180	0.04490	0.04630	0.04790	0.04850	0.05240	0.05340
Mountain View Elementary	0.05380	0.23860	0.05960	0.03960	0.04250	0.04100	0.04260	0.02730	0.03380	0.05300
Fremont High	0.03710	0.04160	0.04780	0.04790	0.04300	0.04640	0.04030	0.05250	0.03960	0.04050
Mountain View-Los Altos High	0.03550	0.02780	0.04000	0.03650	0.04090	0.01070	0.01120	0.01190	0.01330	0.01210
Santa Clara Unified	0.08670	0.10140	0.10450	0.11760	0.07070	0.08280	0.08180	0.09420	0.07040	0.07070
Foothills-De Anza College	0.02910	0.03310	0.03640	0.02080	0.02170	0.02200	0.02340	0.02400	0.02760	0.02900

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, 2023**

Taxpayer	2023			2014		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ²	Rank	Percentage of Total Taxable Assessed Value
Google Inc	\$ 3,695,050,351	1	6.42%	n/a	n/a	n/a
Apple Inc	1,248,473,096	2	2.17%	n/a	n/a	n/a
Lockheed Martin Corporation	1,001,053,987	3	1.74%	\$ 1,167,402,245	1	3.99%
Intuitive Surgical Inc	949,286,053	4	1.65%	318,360,080	6	1.09%
Applied Materials Inc	919,994,433	5	1.60%	366,791,409	4	1.25%
Pathline Park LLC	836,971,981	6	1.45%	n/a	n/a	n/a
CW SPE LLC	795,182,265	7	1.38%	n/a	n/a	n/a
Menlo And Juniper Networks LLC	784,506,963	8	1.36%	608,702,319	3	2.08%
MP 521 LLC	702,419,641	9	1.22%	n/a	n/a	n/a
Linkedin Corporation	569,674,223	10	0.99%	n/a	n/a	n/a
Network Appliance Inc	n/a	n/a	n/a	668,555,822	2	2.29%
Yahoo Inc	n/a	n/a	n/a	364,778,252	5	1.25%
SPF Mathilda LLC	n/a	n/a	n/a	290,132,838	7	0.99%
MT SPE LLC	n/a	n/a	n/a	275,204,090	8	0.94%
MT LOT 3 EFG LLC	n/a	n/a	n/a	204,063,436	9	0.70%
Redus SCTC LLC	n/a	n/a	n/a	193,722,538	10	0.66%
Total	\$ 11,502,612,993		19.98%	\$ 4,457,713,029		15.24%

Source: County of Santa Clara Assessor's Office

Note 1 City Total Taxable Assessed Value: \$62,227,956,031

Note 2 City Total Taxable Assessed Value: \$29,247,430,214

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	
2014	\$ 35,217,352	\$ 33,392,365	94.8%	\$ 378,053
2015	38,246,494	36,235,979	94.7%	425,532
2016	42,533,731	40,482,214	95.2%	354,245
2017	46,861,407	44,324,329	94.6%	287,855
2018	50,889,271	48,209,420	94.7%	214,185
2019	56,393,298	53,630,229	95.1%	258,976
2020	60,845,224	57,462,099	94.4%	288,806
2021	67,122,188	63,633,325	94.8%	434,281
2022	70,718,576	67,000,005	94.7%	557,673
2023	77,096,952	73,184,725	94.9%	425,874

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Governmental Activities:										
Certificates of Participation	\$ -	\$ 1,250	\$ 2,400	\$ 13,145	\$ 14,860	\$ 16,465	\$ 18,000	\$ 19,465	\$ 20,860	\$ 22,195
Lease Revenue Bonds	149,170	149,795	150,421	-	-	-	-	-	-	-
Subscriptions	4,952	4,578	-	-	-	-	-	-	-	-
Business-Type Activities:										
Water and Wastewater Series 2017A	33,762	35,751	37,687	39,582	41,433	43,253	48,406	50,903	53,291	55,573
Solid Waste Notes Payable	-	-	-	703	1,395	2,080	2,611	5,003	7,368	-
State Revolving Fund Loan	116,378	112,011	105,864	81,984	38,599	7,396	-	-	-	-
WIFIA Loan	12,897	2,186	127	-	-	-	-	-	-	-
Solid Waste Revenue Bonds	-	-	-	-	-	-	-	-	-	12,388
Leases Liability	699	828	-	-	-	-	-	-	-	-
Total Primary Government	\$ 317,858	\$ 306,399	\$ 296,499	\$ 135,414	\$ 96,287	\$ 69,194	\$ 69,017	\$ 75,371	\$ 81,519	\$ 90,156
Percentage of Personal Income ¹	0.12%	0.11%	0.11%	0.06%	0.04%	0.03%	0.04%	0.04%	0.05%	0.06%
Per Capita ²	\$ 2,246	\$ 2,165	\$ 2,092	\$ 1,105	\$ 870	\$ 660	\$ 718	\$ 849	\$ 987	\$ 1,187

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 2022 was used to calculate percentages for fiscal year 2023 since data for fiscal year 2023 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, 2023**

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	\$ 11,845,000	100.000 %	\$ 11,845,000
Cupertino Union School District	258,383,303	14.790	38,214,891
El Camino Hospital District	105,480,000	37.827	39,899,920
Foothill Community College District Certificates of Participation	20,645,000	24.974	5,155,882
Foothill-De Anza Community College District	603,653,754	24.974	150,756,489
Fremont Union High School District	771,685,088	53.046	409,348,072
Midpeninsula Regional Open Space Park District & General Fund Obligations	174,250,000	16.324	28,444,668
Mountain View School District	1,105,000	12.307	135,992
Mountain View-Whisman School District	361,720,000	7.319	26,474,287
Mountain View-Los Altos Union High School District & Certificates of Participation	251,958,962	4.022	10,133,789
Los Altos School District & Certificates of Participation	135,837,488	0.002	2,717
Santa Clara County	1,041,125,000	10.052	104,653,885
Santa Clara County General Fund Obligations	1,120,404,570	10.052	112,623,067
Santa Clara County Pension Obligation Bonds	329,741,844	10.052	33,145,650
Santa Clara County Board of Education Certificates of Participation	935,000	10.052	93,986
Santa Clara County Vector Control Certificates of Participation	1,230,000	10.052	123,640
Santa Clara Unified School District & Certificates of Participation	1,088,048,000	9.469	103,027,265
Santa Clara Valley Water District Benefit Assessment District	38,900,000	10.052	3,910,228
Sunnyvale School District	258,790,820	98.990	256,177,033
West Valley-Mission Community College District	694,320,000	4.343	30,154,318
West Valley Mission Community College District General Fund Obligations	8,160,000	4.343	354,389
Subtotal Overlapping Debt			1,364,675,168
Direct Debt ²			
City of Sunnyvale Government Center 2020 Lease Bonds			149,170,436
Subtotal Direct Debt			149,170,436
Total Direct and Overlapping Debt ³			\$ 1,513,845,604

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Debt limit	\$ 9,451,564	\$ 8,741,160	\$ 8,326,671	\$ 7,554,589	\$ 7,042,644	\$ 6,326,652	\$ 5,801,897	\$ 5,285,706	\$ 4,774,271	\$ 4,459,946
Total net debt applicable to limit	284,096	265,242	258,812	95,129	14,860	16,464	18,000	19,465	20,860	22,195
Legal debt Margin	<u>\$ 9,167,468</u>	<u>\$ 8,475,918</u>	<u>\$ 8,067,859</u>	<u>\$ 7,459,460</u>	<u>\$ 7,027,784</u>	<u>\$ 6,310,188</u>	<u>\$ 5,783,897</u>	<u>\$ 5,266,241</u>	<u>\$ 4,753,411</u>	<u>\$ 4,437,751</u>
Total net debt applicable to the limit as a percentage of debt limit	3.01%	3.03%	3.11%	1.26%	0.26%	0.31%	0.37%	0.44%	0.57%	0.57%

Legal Debt Margin Calculation for Fiscal Year 2022

Assessed value	\$ 62,227,956
Add back: exempt real property	782,468
Total assessed value	<u>\$ 63,010,424</u>
Debt limit (15% of total assessed value)	\$ 9,451,564
Debt applicable to limit:	
Total bonded debt	317,858
Less:	
Water and Wastewater Series 2017A	<u>(33,762)</u>
Total net debt applicable to limit	<u>284,096</u>
Legal debt margin	<u>\$ 9,167,468</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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Water and Wastewater Revenue Bonds										
Gross Revenues	\$ 119,188	\$ 130,386	\$ 111,831	\$ 130,935	\$ 124,734	\$ 114,566	\$ 83,371	\$ 73,946	\$ 65,536	\$ 71,567
Less: Operating Expenses ¹	84,630	72,027	76,201	71,290	70,144	67,775	63,547	53,452	44,141	46,074
Less: Operating Transfers ²	843	826	2,599	2,124	2,245	869	415	1,362	6,716	6,852
Net Available Revenue ⁵	\$ 33,715	\$ 57,533	\$ 33,031	\$ 57,521	\$ 52,345	\$ 45,922	\$ 19,409	\$ 19,132	\$ 14,679	\$ 18,641
Debt Service										
Principal	\$ 1,810	\$ 1,755	\$ 1,715	\$ 1,670	\$ 1,640	\$ 2,925	\$ 2,330	\$ 2,220	\$ 2,115	\$ 2,035
Interest	1,338	1,400	1,434	1,486	1,523	1,560	2,411	2,522	2,624	2,703
Coverage	10.7	18.2	10.5	18.2	16.5	10.2	4.1	4.0	3.1	3.9
Solid Waste Revenue Bonds/Notes Payable ⁴										
Gross Revenues	\$ 57,655	\$ 53,344	\$ 50,541	\$ 53,587	\$ 54,988	\$ 50,587	\$ 48,052	\$ 46,698	\$ 43,295	\$ 42,104
Other Agencies Shares ³	-	-	197	196	196	156	971	972	1,004	1,064
Less: Operating Expenses ¹	57,036	48,969	43,845	44,627	43,503	40,369	38,856	37,433	34,517	34,334
Less: Operating Transfers ²	-	-	-	1,501	1,167	921	743	723	3,135	3,201
Net Available Revenue ⁵	\$ 619	\$ 4,375	\$ 6,893	\$ 7,655	\$ 10,514	\$ 9,453	\$ 9,424	\$ 9,514	\$ 6,647	\$ 5,633
Debt Service										
Principal	\$ -	\$ -	\$ 703	\$ 692	\$ 685	\$ 531	\$ 2,392	\$ 2,365	\$ 2,165	\$ 2,060
Interest ⁴	-	-	2	13	21	29	47	76	394	645
Coverage	Not Applicable	Not Applicable	9.8	10.9	14.9	16.9	3.9	3.9	2.6	2.1

Notes:

1 Excludes depreciation expense.

2 Operating expense-related transfers.

3 Proportion of debt service shared by Cities of Mountain View and Palo Alto according to the Memorandum of Understanding.

4 The City paid off the Solid Waste Revenue Bonds during Fiscal Year 2021.

5 Net Available Revenue or pledged revenue is "Gross Revenues" received from the respective systems minus the amount to pay "Operation and Maintenance Costs" of the system. 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
2014	147,055	\$ 148,810	\$ 75,972	36	17,103	82,384	4.8%
2015	146,629	164,047	82,603	35	17,078	84,814	3.9%
2016	148,948	177,759	88,801	35	16,908	86,577	3.4%
2017	150,599	193,230	96,174	35	16,755	87,011	3.1%
2018	153,944	210,975	104,834	35	16,971	87,282	2.4%
2019	155,766	221,954	110,618	36	16,704	87,266	2.2%
2020	154,252	244,542	122,544	35	16,386	84,104	7.3%
2021	153,326	276,855	141,739	35	15,527	84,062	4.1%
2022	156,364	274,331	141,516	35	14,410	86,973	2.3%
2023	156,317	Not Available	Not Available	35	14,240	87,697	3.2%

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	2023			2014		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Google	13,644	1	15.56%	n/a	n/a	n/a
Apple	12,831	2	14.63%	4,000	2	4.86%
LinkedIn	5,347	3	6.10%	1,039	10	1.26%
Altaba	3,877	4	4.42%	n/a	n/a	n/a
Amazon.Com Services	3,748	5	4.27%	n/a	n/a	n/a
Lockheed Martin Space Systems	3,576	6	4.08%	6,070	1	7.37%
Applied Materials	3,389	7	3.86%	1,572	7	1.91%
Intuitive Surgical Operations	3,373	8	3.85%	1,203	9	1.46%
Cepheid	3,334	9	3.80%	n/a	n/a	n/a
A2Z Development Center	3,250	10	3.71%	n/a	n/a	n/a
NetApp	n/a	n/a	n/a	3,134	3	3.80%
Juniper Networks	n/a	n/a	n/a	2,502	5	3.04%
Yahoo!	n/a	n/a	n/a	2,810	4	3.41%
Hewlett Packard	n/a	n/a	n/a	2,070	6	2.51%
Northrup Grumman Marine Systems	n/a	n/a	n/a	1,274	8	1.55%
Synopsys	n/a	n/a	n/a	n/a	n/a	n/a
Advanced Micro Devices	n/a	n/a	n/a	n/a	n/a	n/a

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Departments										
Planning and Management	150	155	131	139	125	122	110	114	108	105
Public Safety ¹	289	289	268	265	262	266	275	285	271	260
Community Development	55	54	44	45	43	42	39	41	36	37
Public Works	193	191	170	175	178	170	173	186	168	170
Environmental Services	130	128	116	119	116	106	105	118	105	109
Library and Recreational Services	81	83	66	73	74	88	91	100	88	90
NOVA Workforce Services	38	38	30	33	33	35	33	43	32	34
Total	936	938	825	849	831	829	826	887	808	805

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									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety:										
Police										
Emergency Responses	43,707	41,635	39,128	38,937	35,068	40,525	41,050	31,848	37,662	38,133
Crime Investigations	1,336	1,036	609	1,270	2,640	7,057	2,030	4,718	2,855	3,249
Traffic Events and Citations	11,583	10,384	16,682	16,592	11,794	15,846	10,155	8,829	9,772	11,894
Fire										
Emergency Responses	7,981	7,410	6,965	7,094	7,204	7,241	7,483	7,774	7,438	7,606
Fire Safety Inspections	5,892	7,758	7,509	6,724	8,541	6,778	7,585	6,682	6,439	7,163
Transportation:										
Streets Resurfacing (1,000 square feet)	279	1,134	10,311	6,547	215	3,034	Not Available	None	1,177	1,565
Street Preventive Maintenance (1,000 sq feet)	771	665	3,867	2,316	6,300	4,577	4,728	4,473	3,641	3,323
Street Lamps Replaced ¹	3	329	352	106	100	996	946	1,656	1,242	925
Cultural:										
Library Visitors	339,671	282,385	39,807	398,830	619,986	657,343	683,739	669,796	699,128	707,922
Library Materials Circulated	1,477,948	1,398,369	922,634	1,418,597	1,983,152	2,098,751	2,191,068	2,396,689	2,576,329	2,711,856
Library Materials Turnover Rate (average use)	9.5	8.6	5.1	6.0	6.8	6.9	7.2	6.6	8.7	8.8
Recreation Programs Registration (hours)	328,376	312,144	131,989	545,162	657,961	758,387	Not Available	821,950	866,750	850,978
Rental Use of Recreation Facilities	225,324	164,033	30,643	71,915	106,735	89,792	Not Available	92,842	103,122	98,878
Water Supply and Distribution:										
Average Daily Demand (million gallons)	15.2	16.6	18.0	17.4	16.4	16.8	15.4	14.0	19.4	19.4
Peak Daily Use (million gallons)	27.4	29.9	32.4	31.4	29.5	30.3	27.8	21.0	29.1	29.1
Water Main Repairs	38	28	34	23	39	28	19	30	38	48
Wastewater Management:										
Average Daily Sewage Treatment (million gallons)	13.5	12.4	12.5	12.9	13.3	12.4	12.7	11.7	12.8	12.8
Solid Waste Management:										
Refuse collected (tons per day)	231.2	235.0	219.0	236.0	251.0	237.0	255.0	250.0	244.0	234.8
Recyclables collected (tons per day)	96.3	88.0	88.0	96.0	98.0	90.0	79.5	78.5	71.5	68.6
SMaRT Station:										
Refuse received (tons per day)	451.3	514.0	577.0	598.0	648.0	620.0	643.0	640.0	652.0	608.0
Golf and Tennis:										
Plays at Golf Courses	132,450	142,278	152,637	98,309	97,875	109,874	105,632	111,011	121,997	124,741

Source: City of Sunnyvale, various departments

Note: ¹ Starting FY 2019, the City replaced High Pressure Sodium (HPS) lights with Light-Emitting Diode (LED) lights, which have extended life and reduced lamp failure.

CITY OF SUNNYVALE**Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function/Program	Fiscal Year									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Public Safety										
Police:										
Jail Facilities	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)	1 (6 cells)
Vehicular Patrol Units	79	79	79	73	73	71	72	69	70	70
Fire Stations	6	6	6	6	6	6	6	6	6	6
Transportation										
Streets (miles)	261	261	261	261	261	261	261	300	300	300
Streetlights	9,354	9,354	9,354	9,354	9,354	9,353	9,352	9,354	9,357	9,316
Traffic Signals	135	135	135	134	132	132	132	131	131	129
Cultural¹										
Park Acreage	351	351	345	345	344	344	344	329	329	329
Parks	25	25	24	24	23	23	23	21	21	21
Swimming Pools	3	3	3	3	3	3	3	4	4	4
Skate Parks	2	2	2	2	2	2	2	2	2	2
Recreation Centers	3	3	3	3	3	3	3	3	3	3
Water Supply and Distribution										
Water Mains (miles)	340	340	340	340	340	340	340	340	340	340
Fire Hydrants	3,433	3,433	3,433	3,433	3,433	3,433	3,412	3,400	3,362	3,362
Storage Capacity (million gallons)	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	27.5	27.5
Wastewater Management										
Sanitary Sewer (miles)	312	312	312	312	312	310	310	310	310	283
Permitted Treatment Plant Capacity (million gallons)	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5
SMaRT Station										
Refuse transfer and recovery station capacity (ton per day)	1,599	1,599	1,599	1,599	1,599	1,500	1,500	1,500	1,500	1,500
Golf and Tennis										
Golf Courses	2	2	2	2	2	2	2	2	2	2
Tennis Courts	49	49	49	49	49	49	49	49	49	49

Source: City of Sunnyvale, various departments

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