



# COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2020

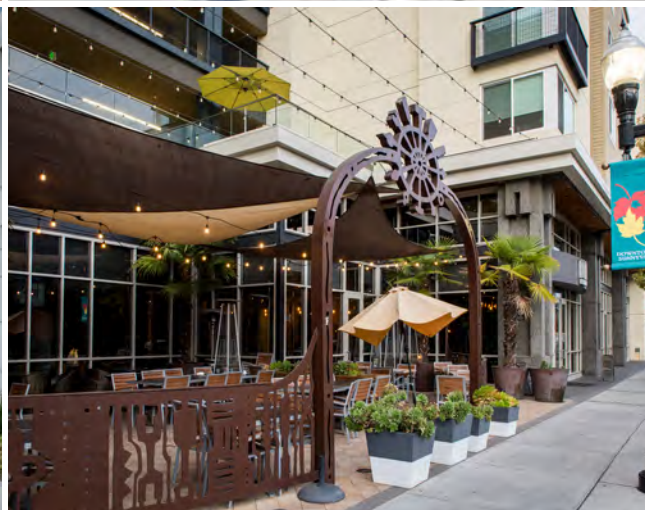


Photo credit: Fire Truck by David Thompson

# CITY OF SUNNYVALE

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## C A L I F O R N I A

We Build Community Trust by Delivering Exceptional Services.





# **Comprehensive Annual Financial Report**

For the Fiscal Year Ended  
June 30, 2020

## **City of Sunnyvale**

650 West Olive Avenue  
Sunnyvale, CA 94086  
408-730-7600

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



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**Fiscal Year Ended June 30, 2020**

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# City of SUNNYVALE

*Department of Finance*

650 West Olive Avenue

Sunnyvale, California 94086

408-730-7600

**December 15, 2020**

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

We are pleased to submit the City of Sunnyvale's (City) Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. The City Charter (Section 1318) requires that a licensed certified public accountant conduct an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to City Council. The financial statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with generally accepted auditing standards.

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

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

The City's financial statements have been audited by Macias Gini & O'Connell LLP (MGO), a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2020, 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, 2020, are fairly presented in accordance with GAAP. The independent auditor's report is presented as the first component of the Financial Section of this report.

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

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2020***

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

This report is divided into three sections:

- The **Introductory Section** includes this letter of transmittal, an organizational overview of the City government, and prior awards received.
- The **Financial Section** consists of the independent 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 a number of 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 was incorporated December 24, 1912. The original Charter of the City was prepared in accordance with the provisions of Section 8, Article XI of the Constitution of the State of California and became effective on May 18, 1949. The City operates under a Council-Manager form of government. Policy-making and legislative authority are vested with the City Council. Until 2019, seven Council Members were elected by seat number for staggered four-year terms, with a two-term limit. In the March 2020 elections, Sunnyvale voters approved a City Charter amendment, changing to a district-based electoral system for selecting City Council members, with a directly elected Mayor. Six districts were formed to elect six City Council members that are required to be residents of a district and elected 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 Council member or Mayor. With the November 2020 elections, the voters elected Council Members for districts 2, 4 and 6 and Mayor at-large.

The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City, and for appointing the heads of various departments. The City Manager and City Attorney are appointed by the City Council.



***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2020***

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**PROFILE OF THE CITY, Continued**

**Component Units**

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

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

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 Smart Station, Development, and Golf and Tennis Operations.

**Boards and Commissions**

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

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

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

- Arts Commission
- Bicycle and Pedestrian Advisory Commission
- Board of Building Code Appeals
- Sustainability Commission
- Housing and Human Services Commission

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

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2020***

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**PROFILE OF THE CITY, Continued**

**Budget**

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

In November 2007, Sunnyvale voters approved to amend Section 1302 and Section 1305 of the City Charter. The amendment adds language that 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. It also provides that approved appropriations for capital projects will not lapse at the end of the fiscal year, unless completed, closed out or Council takes actions to modify. The long-term nature of the City's financial planning system allows decision makers to better understand the effect of policy decisions to prevent changes in service levels during the upturns and downturns of economic cycles.

The legal level of budgetary control is placed by the City Council at the program level, with adjustments between programs within funds allowed below specified thresholds. Programs consist of one or more service delivery plans. Starting with fiscal year 2018/19, personnel costs are budgeted by full time equivalents at the service delivery plan-level, while previously productive hours for each service delivery plan were used to budget personnel costs. A separate Budgetary Year-End Financial Report is prepared in December of each year, which presents details to demonstrate compliance at the legal level of control for the previous fiscal year. The budget process and the governmental funds for which annual budgets are appropriated are described in detail in the Financial Section - Required Supplementary Information portion of this report.

**LOCAL ECONOMY**

While creating a global economic slowdown, the unprecedented COVID-19 pandemic (Pandemic) ended one of the longest US economic expansions, which began after the Great Recession 2009. The City, along with rest of the Bay Area Region, experienced the economic consequences of the Pandemic. The Shelter-in-Place (SIP) order issued at both the local and state level designed to slow down the spread of the virus and to avoid overwhelming the healthcare systems has been in place since March 14, 2020. The SIP order temporarily shutting down the nonessential businesses had a significant impact on the City's finances. Initially, the City's nonessential retailers were temporarily closed, and restaurants were limited to take out and outdoor dining services. Although the SIP order restrictions are gradually being lifted, a long-lasting and significant drop in Transient Occupancy Tax and Sales Tax revenues became evident beginning from second quarter of 2020 and is anticipated to continue until the SIP order remains in effect. Commercial and residential development activity, though halted for a short while, continues at a robust pace. Property Tax revenue has not been affected yet as the assessed values do not show impact of economic volatility in a short period. Moreover, low interest rates and a short supply of homes available for sale has kept real

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2020***

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**LOCAL ECONOMY, Continued**

estate market strong and robust. Vulnerable to economic downturn are Sales Tax, Transient Occupancy Tax, and Development-related revenues. Over time, these revenue sources will continue to cause significant year-to-year variances and create challenges for long-term revenue forecasting.

The economic vitality of the City depends on a strong and diversified business community that is flexible enough to withstand economic changes. As part of the City's economic development efforts, the City continues to work to attract and retain businesses with growth potential and make the City a desirable location for the corporate community. As a result, companies continue to recognize Sunnyvale as a prime location in Silicon Valley. Sunnyvale's innovation economy depends on major technology companies, including Google, Juniper Networks, Lockheed Martin Space Systems, Apple, Intuitive Surgical, LinkedIn, NetApp and A2Z Development Center.

The U.S. economy, with the longest expansion from the Great Recession 2009 to 2020, suffered a sudden and steep decline at the onset of the Pandemic. The U.S. Congress passed The CARES Act with a \$2.2 trillion stimulus package in response to the economic fall out of the COVID-19. However, the pace of economic recovery will continue to depend on duration of the Pandemic and additional steps taken to control and mitigate its effects.

In summary, the City's economic climate and fiscal condition are complex with many moving parts. The City's fiscal situation faces ongoing pressures that forces us to have a prudent strategy to address current and future operational needs and investments. While the underlying financial foundation of the City remains solid, the impacts of the local economic slowdown along with significant expenditure pressures continue to require the City to exercise careful budgeting.

**LONG-TERM FINANCIAL PLANNING**

The City Council fiscal policy establishes the framework upon which short and long-term financial decisions are made. It identifies the long-range goals needed for fiscal sustainability and develops strategies necessary to achieve these goals. Sunnyvale uses long-term financial planning to ensure stability through ups and downs in economic cycles. The City Charter requires that the City Manager annually submit a budget which is balanced for ten years; however, City Council fiscal policy requires a balanced budget for an entire twenty-year planning period. The long-term nature of the City's financial planning system allows decision makers to better understand the true effect of policy decisions and effectively requires that decisions made today guarantee that the resources will be available to provide quality services in the future. This long-term planning horizon prevents wild swings in service levels during the upturns and downturns of economic cycles.

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2020***

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**LONG-TERM FINANCIAL PLANNING, Continued**

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

One significant issue identified through our long-term planning process is the major impact of unfunded liabilities related to employee pension and retiree healthcare benefits. The City's contribution rates for employee pensions through the California Public Employees' Retirement System (CalPERS) continue to increase due to CalPERS's de-risking efforts, reduced investment rate of returns, and changes to actuarial assumptions. As a result, the City's employer contribution rates have increased significantly every year, starting in 2012, and are expected to continue to increase over the next five to ten years. Because of the City's long-term financial planning process that carefully considers the long-term implications of CalPERS' actions, the City periodically opted to pay more than the required CalPERS employer contribution to ensure our retirement plans are prudently funded and to minimize rate volatility. Working with its consulting actuary, the City develops rate projections to incorporate into the City's twenty-year financial plan to ensure these expenditures are funded over the long term. Beginning in FY 2014/15, the Governmental Accounting Standards Board (GASB) Statement No. 68 required governments to quantify and report the net pension liability on the financial statements. The reporting requirement provides transparency of our pension liabilities and our efforts to proactively manage them.

To address pension funding with a long-term perspective, the Council directed the City Manager to establish a Section 115 Pension Trust (Trust), which was set up in July 2018. The Trust is 1) owned and monitored by the City, 2) managed by a set of separate investment professionals, 3) separate from CalPERS, and 4) expected to provide increased flexibility on use of trust assets as a budget stabilization tool. The only option to reduce the City's unfunded pension liability is to pre-fund the pension liability with CalPERS. Alternatively, the Trust, under the City discretion, will hold additional funds committed for pension liabilities in excess of the City's annual required contribution to PERS. The City contributed \$4.5 million to the trust fund as of June 30, 2020. In the FY 2020/21 Adopted Budget, an annual funding commitment of \$1 million is budgeted for the next nine years. Assets of and contributions to the Trust is 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 seventeenth year of the twenty-year financial plan in the FY 2020/21 Adopted Budget.

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2020***

**LONG-TERM FINANCIAL PLANNING, Continued**

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

**RELEVANT FINANCIAL POLICIES**

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

The General Fund currently has four major reserves:

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

A second reserve in the General Fund is entitled the Budget Stabilization Reserve. This reserve has a minimum of 15% of projected revenues for the first two years of the twenty-year financial plan. Beyond year two, the Budget Stabilization reserve needs to have a balance of at least zero. This reserve functions to level economic cycles from year to year. By letting this reserve vary each year, the fund can absorb the cyclical effects of the economy. This reserve grows during periods of economic growth and is drawn down during the low points of economic cycles to maintain stable service levels. Strict policy adherence to the premise of the Budget Stabilization Fund prevents the City from adding services at the top of economic cycle that cannot be sustained, while allowing it to maintain Council-approved service levels during economic downturns. The function of the Budget Stabilization Fund and its strength has been evident throughout its existence. It has prevented the City from spending beyond its sustainable means during periods of economic growth, while also providing the City a mechanism to maintain services at desired levels during economic downturns. The value of the Budget Stabilization Fund is especially evident during economic downturns, as not only is it available to be drawn upon to assist in maintaining service levels, it also allows time to develop a measured and reasoned approach to addressing fiscal crises. This is evident during this most recent recession caused by the Pandemic. The Budget Stabilization Reserve was utilized to subsidize service levels when revenues dropped, which is allowing the City time to assess the magnitude of the issue and address it strategically. To date, this has enabled the City to avoid material reductions in service levels.

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2020***

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**RELEVANT FINANCIAL POLICIES, Continued**

The third reserve in the General Fund is the Reserve for Capital Improvement Projects. Originally entitled the Land Acquisition Reserve, it was established in FY 1994/95 for the purpose of purchasing land or property in the downtown area with an emphasis on future income generation through economic development. In the past, it was used to purchase key parcels in the downtown area. As the title change indicates, its purpose has now been expanded 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 Service Level Set-Aside. This reserve is used to provide ongoing funds to increase service levels or add new services. Once used, this Set-Aside Reserve may be replenished according to the economic conditions.

In addition to the reserves discussed above, the City also uses the Employee Payroll and Benefits Fund (an Internal Service Fund) as a mechanism to cover expenditures related to pension costs, insurance plans, workers' compensation costs, and leave time, while applying the principles of full-cost accounting. This is accomplished by charging an additive rate to staff salaries whenever personnel hours are expended. Resources are set aside for contribution-rate uncertainty, workers compensation liabilities, and retiree medical costs to reduce volatility and to minimize the effect on the funding of other City operations.

**MAJOR INITIATIVES**

The City Council established strategic policy priorities and has revisited them annually to help build the development of the Budget. The following are the list of the priorities the City Council has identified for FY 2019/20:

**Civic Center Modernization**

Buildings at the Civic Center are decades old and in need of renovation or replacement. A Master Plan and Environmental Impact Report were approved by the City Council in September 2018 and the design contract for Phase I, which includes City Hall and a Public Safety Emergency Operations Center Addition and Renovation, was awarded by the City Council in December 2018. A construction bid process for Phase I was completed in summer 2020. The construction contract will be awarded before the end of 2020. Construction is expected to complete in late 2024. Construction costs are expected to be funded with a use of one-time revenue available from the sale of multiple properties, reserves already accumulated for infrastructure, and with the issuance lease revenue bonds backed by the financed asset itself.

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2020***

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**MAJOR INITIATIVES, Continued**

**Ability of Infrastructure to Support Development and Traffic**

The traffic and transportation projects are mainly funded by the SB1 gasoline tax, Measure B funding, along with traditional General Fund, Gas Tax and Vehicle Registration Fee Funding. The City has proactively conducted long-range planning for traffic and transportation needs for several years and is actively involved in countywide planning efforts. In FY 2019/20, \$85.2 million was budgeted for the traffic and transportation funded projects, including several projects of pavement rehabilitation and traffic signal improvements, rehabilitation of the Fair Oaks Bridge, the City share of Mathilda/237/101 Interchange improvements, the study of Caltrain Grade Separation at Mary and Sunnyvale avenue, preliminary design for the Bernardo Ave Undercrossing, and an EIR for the Mary Avenue Overcrossing. The construction of these projects continues as planned. However, the severity of the impact from the Pandemic, lower consumption of gasoline, reduced sales tax receipts could reduce the revenue available in the next fiscal year.

**Open Space Acquisition Planning: Future of Golf Courses**

The City has continued to provide a subsidy to operate the Golf Courses in FY 2019/20 and budgeted to provide subsidy for the next three fiscal years, mainly to address the revenue shortfall caused by the Pandemic. A study issue to evaluate the future of golf courses scheduled to be completed in FY 2020/21.

**Downtown Sunnyvale**

While the City Council first adopted the Downtown Specific Plan (DSP) in 2003; recently, the City Council approved the amended DSP that was prepared with the purpose to incorporate 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. As development in Sunnyvale downtown remains robust, construction of housing and offices is in progress while a grocery store and a movie theatre opened in October 2020. As the Pandemic continues and the economic recovery faces uncertainty, the City anticipates the benefit of additional sales tax revenue from the downtown development starting in FY 2020/21 at a moderate level.

**Improved Processes and Services Through the Use of Technology**

This priority includes the implementation of several major initiatives, including the implementation of the new Enterprise Resource Planning (ERP) system, a new Community Development permitting system and public safety dispatch system implementations. The ERP implementation is in final phase and is expected to go live during FY 2020/21. Vendor selection for the development permitting system is complete. The system implementation is anticipated to finish in the next fiscal year.

**Accelerate the Climate Action Plan**

The City aims to significantly reduce community green gas emissions. As one of the initial moves planned for implementation in the next two fiscal years, the City is to switch its electric energy source provider that features 50% renewable sources at a lower cost. The City intends to use these kinds of efforts to achieve 2030 emission reduction targets.

***Chief Finance Officer's Letter of Transmittal, Continued***  
***Fiscal Year Ended June 30, 2020***

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## **AWARDS AND ACKNOWLEDGEMENTS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sunnyvale for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2019. This was the thirty-fourth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one-year only. We believe that our current Comprehensive Annual 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, 2020. This was the thirty-first 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 the last twenty 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 Comprehensive Annual Financial Report could not have been accomplished without the professional, efficient, and dedicated service of the staff of the Department of Finance. In particular, I would like to express my appreciation to the following members of the Finance Department who contributed to the development of this report: Juan Castro, Principal Accountant; Luis Cuellar, Senior Accountant (Acting), Jin Xu, Hema Gajaria, and Bhavana Menghrajani, Accountants; Tim Kashitani, Administrative Aide; Inderdeep Dhillon, Finance Manager; and Grace Zheng, Assistant Director of Finance. I also wish to thank our auditors, MGO, for their cooperation and assistance



***Chief Finance Officer's Letter of Transmittal, Concluded  
Fiscal Year Ended June 30, 2020***

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**AWARDS AND ACKNOWLEDGEMENTS, Continued**

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

Respectfully submitted,

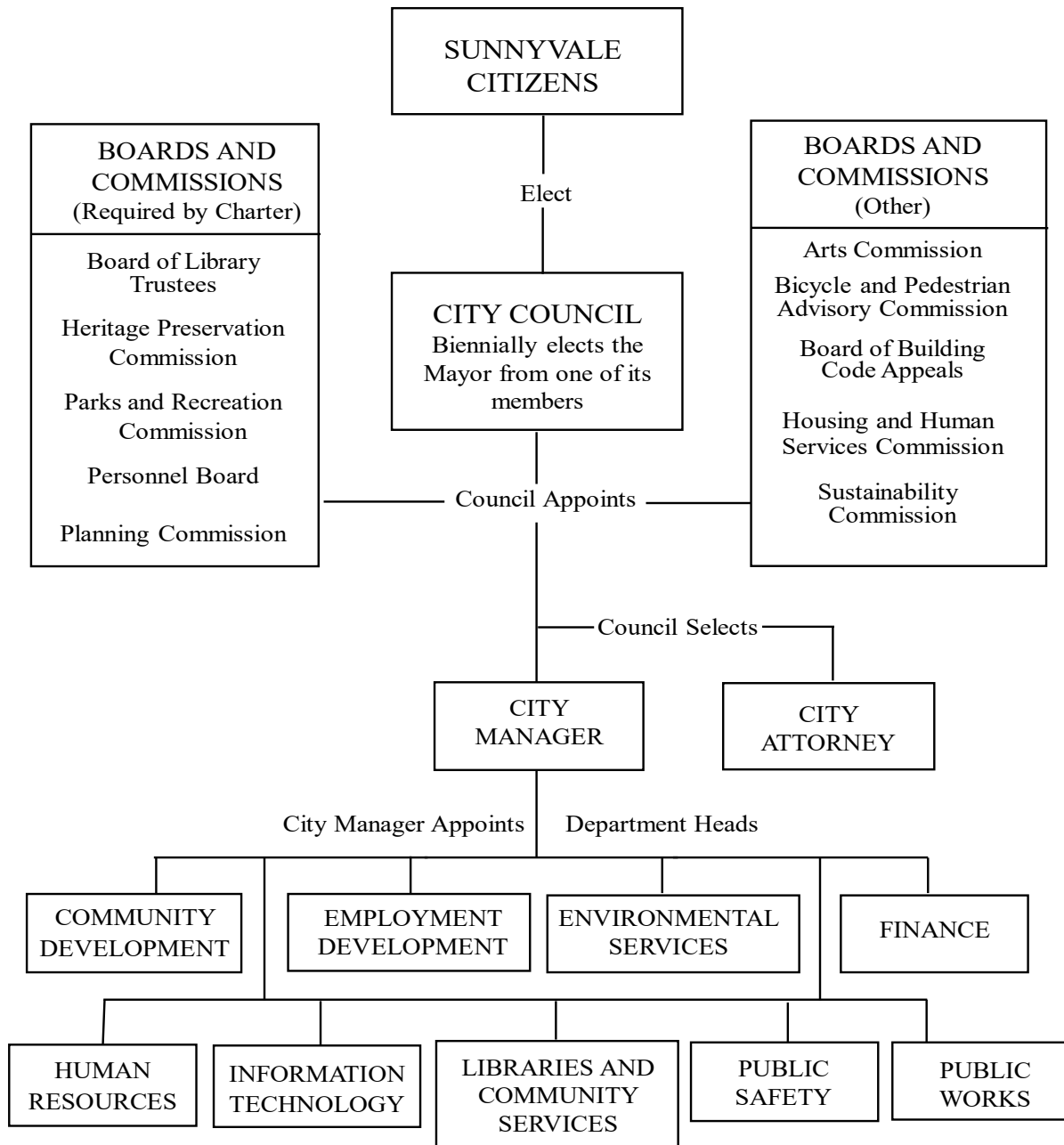


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Timothy J. Kirby  
Director of Finance

Organization Chart

Fiscal Year Ended June 30, 2020



**Larry Klein**  
Mayor

**Nancy Smith**  
Vice-Mayor

**Glenn Hendricks**  
Councilmember

**Gustav Larsson**  
Councilmember

**Russ Melton**  
Councilmember

**Mason Fong**  
Councilmember

**Michael S. Goldman**  
Councilmember

**Kent Steffens**  
City Manager

**Teri Silva**  
Assistant City Manager

**Chip Taylor**  
Director of Public Works

**Kathleen Boutté Foster**  
Chief Information Officer

**Trudi Ryan**  
Director of Community Development

**Timothy J. Kirby**  
Director of Finance

**Tina Murphy**  
Director of Human Resources

**John Nagel**  
City Attorney

**Kris Stadelman**  
Director of Employment Development

**Phan S. Ngo**  
Director of Public Safety

**Ramana Chinnakotla**  
Director of Environmental Services

**Cherise Brandel**  
Director of Library & Community Services

***Directory of Boards and Commissions***  
***Fiscal Year Ended June 30, 2020***

---

**Arts Commission**

Eskridge, Dawna  
Gluckman, Jeremie  
Serrone, Sue  
Vaughan, Susannah  
Veith, Agnes

**Bicycle and Pedestrian Advisory Commission**

Cordes, John  
Davé, Arwen  
Hafeman, Daniel  
Mehlinger, Richard  
Mehlman Elizabeth (Leia)  
Oey, Timothy  
Swail, Scott

**Board of Building Code Appeals**

Jain, Rahul  
Kroll, Adam  
McNutt, Gregory  
Shen, Yonghong  
Vacant

**Board of Library Trustees**

Bremond, Daniel  
Isaak, Mark  
Hwang, Tina  
Lai, Carey  
Wang, Sharlene

**Heritage Preservation Commission**

Hakami, Yasaman  
Caroompas, Steve  
Gaudenti, Shanna  
Holthaus, Melanie  
Hopkins, Dawn  
Larsen, Dixie  
Wu, David

**Housing and Human Services Commission**

Gilbert, Diana  
Hiremath, Ken  
Kwok, Minjung  
Joshua Grossman  
Sell, Linda  
Stetson, Elinor  
White, Emily

**Parks and Recreation Commission**

Alexander III, Henry  
Dibb, Gregory  
Giri, Prakash  
Kenton, Ralph  
Michitaka, Mike

**Personnel Board**

Ketzel, Marc  
Lugani, Deepali  
Marsh, Victor  
Schmidt, Barbara  
Selan, Patti

**Planning Commission**

Harrison, Sue  
Howard, Daniel  
Howe, John  
Olevson, Ken  
Rheume, Ken  
Simons, David  
Weiss, Carol

**Sustainability Commission**

Joesten, Stephen  
Kunz, Douglas  
Padgett, Shana  
Paton, Bruce  
Srinivasan, Murali  
Zornetzer, Steven



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Presented to

**City of Sunnyvale  
California**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO

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## Independent Auditor's Report

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sunnyvale, California (City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, 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.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, information on the modified approach for City streets infrastructure capital assets, and the schedules related to the pension and other postemployment benefits plans as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the 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.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2020 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.

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California  
December 15, 2020



***Management's Discussion and Analysis (Unaudited)***

**Management's Discussion and Analysis**  
**Fiscal Year Ended June 30, 2020**

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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, 2020. 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, 2020, the City's total net position was \$1,090.2 million, an increase of \$120.9 million or 12.5% over the prior fiscal year. This increase was corresponding to the changes in the following financial statement elements: (1) total assets increased by \$187.3 million or 12.2%, mostly due to higher fees from services, increased general tax revenues, and capital asset additions of infrastructure projects; (2) total liabilities increased by \$61.1 million or 9.8%, mostly due to increase of noncurrent liabilities of \$41.5 million or 29.0% in relation to current year drawdown of \$43.4 million for the Clean Water State Revolving Fund Loan and increase of net pension liability of \$19.7 million or 5.5%; (3) deferred outflows of resources which is comprised of pension and OPEB related items, decreased by \$9.4 million or 12.1%.
- Total revenues were \$519.4 million, which was \$6.9 million or 1.3% lower than last year, mostly due to lower sales tax, transient occupancy tax revenue and service fee revenues, caused by an emergency health order which temporarily shut down non-essential retail businesses in the City to slow down COVID-19 pandemic spread. Total expenses were \$398.5 million, an increase of \$21.4 million or 5.7% from last year.
- The City's governmental funds reported a combined fund balance of \$536.5 million, an increase of \$30.3 million or 6.0% from the prior year's fund balance of \$506.2 million.
- The General Fund's fund balance was \$126.2 million, a slight decrease of \$0.2 million or less than 0.1% from prior year. During this year, the General Fund expended \$5.8 million for a property purchase that was subsequently leased to a nonprofit agency.
- The City reported investment earnings in the amount of \$36.6 million, an increase of \$12.0 million, mainly due to higher City treasury pool cash balance and the impact of appreciation of fair value of investments.
- The City contributed \$2.5 million in a stand-alone trust account as its on-going efforts to address unfunded pension liabilities in the long-term. As of June 30, 2020, the account balance totaled to \$4.8 million reported as Deposits and Investments Held with Fiscal Agent or Trustee in the Employee Payroll & Benefits Fund, an Internal Service Fund type.
- The City purchased properties totaled to \$26.9 million. The properties will be utilized in developing affordable housing projects and constructing a new park in future fiscal years.

***Management's Discussion and Analysis, Continued***  
***Fiscal Year Ended June 30, 2020***

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***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 City's basic financial statements as an integral part of the primary government. Other component units are separately accounted for as fiduciary funds.

*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2020*

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***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 funds financial statements focus on current financial resources, which emphasize near-term inflows and outflows of spendable resources as well as balances of spendable resources at the end of the fiscal year. This information is essential in evaluating the City's near-term financial requirements.

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 20 individual governmental funds belonging to the governmental fund type: General, Special Revenue, Debt Service, Capital Project, and Permanent Funds. 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, Employment Development Special Revenue Fund, City Projects Fund, and Infrastructure Renovation and Replacement Fund. Data from the other 14 nonmajor governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2020*

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***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 accounting used for fiduciary funds is same as 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 No. 3; and the Agency Funds account for the Communities Facilities District No. 1, the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP), and NOVAworks Foundation.

**Notes to the Basic Financial Statements**

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

**Other Information**

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

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

**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2020**

**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 2019/20, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,090.2 million. This was an increase of \$120.9 million or 12.5% from last year.

The following is the condensed statement of net position for the fiscal years ended June 30, 2020, and 2019.

<b>Condensed Statement of Net Position</b> <b>June 30, 2020 and 2019</b> <b>(Amounts in Millions)</b>							
	Governmental Activities		Business- Type Activities		Total		% Change
	2020	2019	2020	2019	2020	2019	
<b>Assets:</b>							
Current and Other Assets	\$679.4	\$647.8	\$230.4	\$171.3	\$909.8	\$819.1	11.1%
Capital Assets, Net	537.5	487.8	281.4	234.5	818.9	722.3	13.4%
Total Assets	1,216.9	1,135.6	511.8	405.8	1,728.7	1,541.4	12.2%
<b>Deferred Outflows of Resources</b>	58.3	67.5	10.3	10.5	68.6	78.0	(12.1)%
<b>Liabilities:</b>							
Noncurrent Liabilities	54.1	53.4	130.3	89.5	184.4	142.9	29.0%
Other Liabilities	25.1	23.7	28.5	27.4	53.6	51.1	4.9%
Net Pension Liability	327.2	310.7	52.0	48.8	379.2	359.5	5.5 %
Net OPEB Liability	57.1	59.5	12.5	12.7	69.6	72.2	(3.6)%
Total Liabilities	463.5	447.3	223.3	178.4	686.8	625.7	9.8%
<b>Deferred Inflows of Resources</b>	16.9	20.4	3.4	4.0	20.3	24.4	(16.8)%
<b>Net Position:</b>							
Net Investments in Capital Assets	529.0	478.9	159.2	153.1	688.2	632.0	8.9%
Restricted	347.6	316.4	5.3	5.3	352.9	321.7	9.7%
Unrestricted	(81.8)	(59.8)	130.9	75.5	49.1	15.7	212.7 %
<b>Total Net Position</b>	<u>\$ 794.8</u>	<u>\$ 735.4</u>	<u>\$ 295.4</u>	<u>\$ 233.9</u>	<u>\$ 1,090.2</u>	<u>\$ 969.3</u>	12.5%

***Management's Discussion and Analysis, Continued***  
***Fiscal Year Ended June 30, 2020***

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**C. GOVERNMENT-WIDE FINANCIAL ANALYSIS**

At June 30, 2020, the largest portion of the City's net position (\$688.2 million or 63.1%) reflects the City's net investment in capital assets. This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources attributable to the addition of those assets or related debt are also included. The City uses these capital assets (land, buildings, equipment, vehicles, and infrastructure) to provide services to citizens. The amount of net investment in capital assets is reported as a distinct component of net position because this amount is not available for future spending. In addition, although the City's investment in its capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (\$352.9 million or 32.4%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position is \$49.1 million, which includes a deficit of \$81.8 million in governmental activities and a surplus of \$130.9 million in business-type activities.

Under Governmental Accounting Standards Board (GASB) Statements No. 68 and No. 75, pension and OPEB expenses reported in fiscal year 2019/20 is the change in net pension/OPEB liability from the previous year (measured as of June 30, 2018) to the current year (measured as of June 30, 2019), along with changes in pension- and OPEB-related deferred outflows and inflows of resources.

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

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

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

**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2020**

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

**Analysis of Changes in Net Position**

**Condensed Statement of Changes in Net Position**

**Years Ended June 30, 2020 and 2019**

**(Amounts in Millions)**

	Governmental Activities		Business-Type Activities		Total		%
	2020	2019	2020	2019	2020	2019	Change
<b>Revenues:</b>							
Program Revenues:							
Charges for Services	\$ 56.6	\$ 42.6	\$ 231.0	\$ 231.9	\$ 287.6	\$ 274.5	4.8 %
Operating Grants and Contributions	18.3	17.5	-	-	18.3	17.5	4.6 %
Capital Grants and Contributions	16.3	12.3	0.7	0.8	17.0	13.1	29.8 %
Total Program Revenues	91.2	72.4	231.7	232.7	322.9	305.1	5.8 %
General Revenues:							
Property Taxes	92.1	85.1	-	-	92.1	85.1	8.2 %
Sales and Use Taxes	27.1	32.2	-	-	27.1	32.2	(15.8)%
Other Taxes	40.3	46.7	-	-	40.3	46.7	(13.7)%
Investment Earnings	26.8	18.8	9.7	5.7	36.5	24.5	49.0 %
Interest on Advances to Business-Type Act	0.5	0.5	-	-	0.5	0.5	-
Gain from Sale of Capital Assets	-	32.0	-	-	-	32.0	(100.0)%
Total General Revenues	186.8	215.3	9.7	5.7	196.5	221.0	(11.1)%
<b>Total Revenues</b>	<b>278.0</b>	<b>287.7</b>	<b>241.4</b>	<b>238.4</b>	<b>519.4</b>	<b>526.1</b>	<b>(1.3)%</b>
<b>Expenses:</b>							
Planning and Management	17.1	15.7	-	-	17.1	15.7	8.9 %
Public Safety	122.8	112.0	-	-	122.8	112.0	9.6 %
Community Development	22.9	21.9	-	-	22.9	21.9	4.6 %
Transportation	21.9	19.2	-	-	21.9	19.2	14.1 %
Socioeconomic	11.9	12.0	-	-	11.9	12.0	(0.8)%
Cultural	19.8	18.9	-	-	19.8	18.9	4.8 %
Environmental Management	3.7	3.2	-	-	3.7	3.2	15.6 %
Water Supply and Distribution	-	-	50.5	48.0	50.5	48.0	5.2 %
Wastewater Management	-	-	30.5	31.4	30.5	31.4	(2.9)%
Solid Waste Management	-	-	45.1	43.9	45.1	43.9	2.7 %
SMaRT Station	-	-	29.3	29.1	29.3	29.1	0.7 %
Development	-	-	16.7	15.8	16.7	15.8	5.7 %
Golf and Tennis Operations	-	-	5.9	5.5	5.9	5.5	7.3 %
Interest on Long-term Debt	0.4	0.5	-	-	0.4	0.5	(20.0)%
Total Expenses	220.5	203.4	178.0	173.7	398.5	377.1	5.7 %
Increase in Net Position before							
Transfers	57.5	84.3	63.4	64.7	120.9	149.0	(18.9)%
Transfers	1.9	1.4	(1.9)	(1.4)	-	-	-
Change in Net Position	59.4	85.7	61.5	63.3	120.9	149.0	(18.9)%
Net Position - Beginning of Year	735.4	649.7	233.9	170.6	969.3	820.3	18.2 %
Net Position - Ending of Year	\$ 794.8	\$ 735.4	\$ 295.4	\$ 233.9	\$ 1,090.2	\$ 969.3	12.5 %



**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2020**

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

**Governmental Activities**

Current year transactions resulted in an increase of \$59.4 million in net position from the prior year. The key elements of this change were as follows:

*Revenue Highlights:*

- Total revenue before transfers were \$278.0 million, which was \$9.7 million lower than the prior year. General revenues had a decrease of \$28.5 million mainly due to decreases in sales tax and other taxes, a one-time gain from sale of capital assets of \$32.0 million in prior year, offset by increases in property taxes and investment earnings. Program revenues had an increase of \$18.8 million mainly due to increase in charges for services of \$14.0 million from the prior year.
- Total property tax revenues increased by \$7.0 million or 8.2% from the prior year. The growth in this revenue source was due to continued increases in assessed value for all types of property across the City, change of ownership, and new construction. This is the eighth consecutive year in which the property tax revenue increase from the prior year.
- Sales tax revenue was lower by \$5.1 million or 15.8% than the prior year. Sales Tax already has been on a downward trend and was exacerbated further with the local and State COVID-19 pandemic measures, went into effect to slow down the virus transmission in March 2020.
- Investment earnings increased by \$8.0 million, primarily due to higher cash balance held in the City treasury pool and the impact of appreciation of fair value of investments.
- Other taxes decreased by \$6.4 million or 13.7% from the prior year, reflecting weakened retail and hospitality business economy and a drop in collection of real property transfer transactions. Transient occupancy tax was significantly impacted since March 2020 due to partial shutdown of non-essential businesses mandated by a local and state emergency health orders.

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

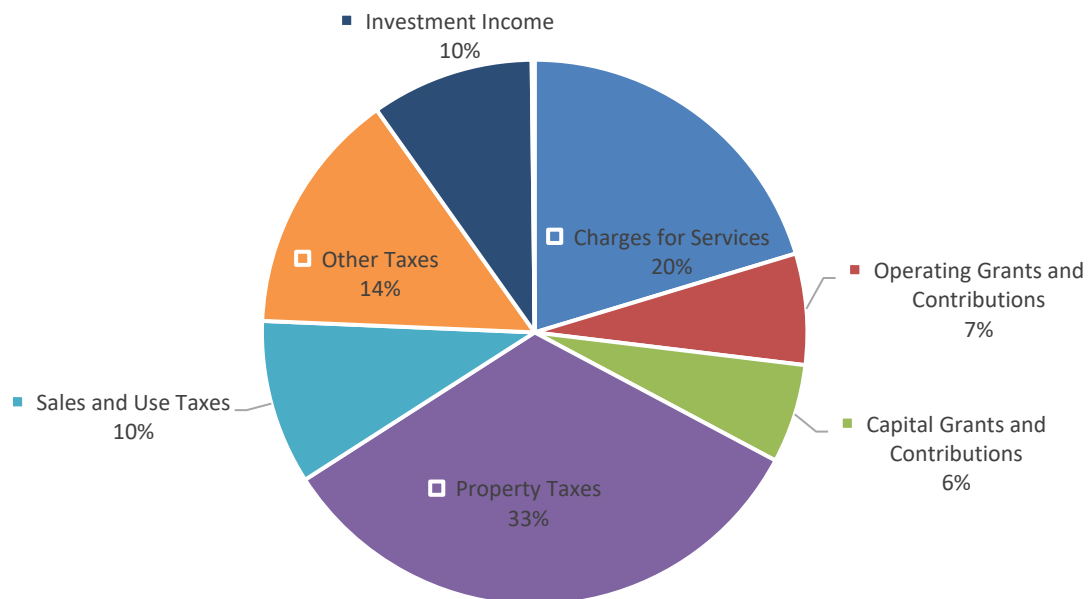
	<b>Total Other Tax Revenues</b>		<b>% Change</b>
	<b>2020</b>	<b>2019</b>	<b>2020-2019</b>
Transient Occupancy Tax (TOT)	\$ 15.9	\$ 21.2	(25.0)%
Utility Users Tax	8.3	8.3	-
Construction & Real Property Transfer	7.0	8.3	(15.7)%
Franchise Fees (based on gross receipts)	7.2	7.0	2.9 %
Business License Tax	1.9	1.9	-
Total	<u>\$ 40.3</u>	<u>\$ 46.7</u>	<u>(13.7)%</u>

***Management's Discussion and Analysis, Continued***  
***Fiscal Year Ended June 30, 2020***

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

- Charges for services increased by \$14.0 million or 32.9% from the prior year primarily due to increase in Community Development revenues from developers for parks from prior year's \$9.0 million to current year's \$25.7 million.
- Operating grants and contributions increased by \$0.8 million or 4.6% from the prior year, mainly due to higher grant revenues for the Community Development programs.
- Capital grants and contributions increased by \$4.0 million or 32.5% from the prior year, mainly due to higher grants and contributions for the Community Development, Transportation, and Cultural programs.

**Governmental Activities  
Revenues by Source  
Year Ended June 30, 2020**



**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2020**

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

**Expense Highlights - Governmental Activities:**

Expenses for the years ended June 30, 2020, and 2019 were as follows (amounts in millions):

	Total Cost of Services		Percentage Change	Net Cost (Revenue) of Services		Percentage Change
	2020	2019	2020-2019	2020	2019	2020-2019
Planning and Management	\$ 17.1	\$ 15.7	8.9 %	\$ 16.2	\$ 15.2	6.6 %
Public Safety	122.8	112.0	9.6 %	115.9	104.7	10.7 %
Community Development	22.9	21.9	4.6 %	(23.1)	(6.2)	272.6 %
Transportation	21.9	19.2	14.1 %	(1.4)	(2.1)	(33.3)%
Socioeconomic	11.9	12.0	(0.8)%	2.8	2.1	33.3 %
Cultural	19.8	18.9	4.8 %	15.1	13.7	10.2 %
Environmental Management	3.7	3.2	15.6 %	3.3	3.1	6.5 %
Total	<u>\$ 220.1</u>	<u>\$ 202.9</u>	8.5 %	<u>\$ 128.8</u>	<u>\$ 130.5</u>	(1.3)%

Expense for governmental activities (excluding interest on long-term debt) was \$220.1 million, which was \$17.2 million or 8.5% higher than last year.

The functional expenses presented in the preceding table consisted of depreciation, uncapitalized operating expenses and capital outlay, the allocated effect of consolidating internal service fund activities, the recognition of the changes in net pension liability and net OPEB liability, and the amortization of pension- and OPEB-related deferred outflows and inflows of resources.

The Planning and Management, Cultural, and Environmental Management expenses were higher by \$1.4 million, \$0.9 million, and \$0.5 million, respectively, primarily due to higher salaries and benefits costs.

The Public Safety expenses increased by \$10.8 million or 9.6% were attributed to an increase in recruitment and training for sworn officers and salaries and benefits. In addition, demands for first-responder services increased due to COVID-19 pandemic and an extended period of the wildfire season.

The Community Development expenses increased \$1.0 million over the prior year due to higher salaries and benefits of the Neighborhood Parks and Open Space program and utilities costs.

The Transportation program expenses were higher by \$2.7 million or 14.1% than prior year because several capital programs got completed in the current year and incurred expenditures at much higher pace than in the prior year.

The Socioeconomic cost of services decreased by \$0.1 million or 0.8% largely due to lower salary costs resulting from department vacancies.

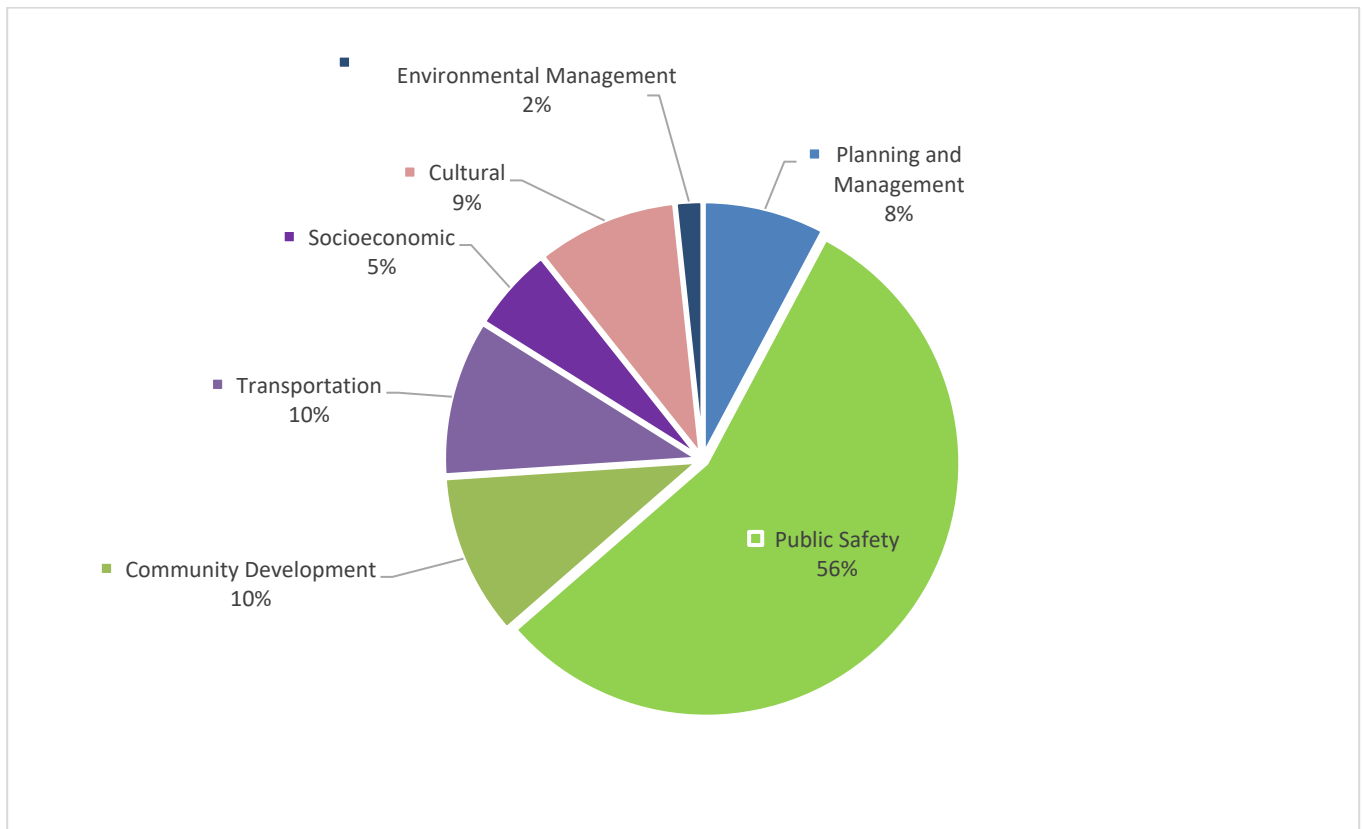
***Management's Discussion and Analysis, Continued***  
***Fiscal Year Ended June 30, 2020***

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

Program revenues that offset related expenses are explained as follows:

- Those who directly benefited from the governmental programs contributed \$56.6 million in charges for services.
- The City funded some of its programs through operating grants and contributions from outside sources for a total amount of \$18.3 million.
- Capital grants and contributions amounted to \$16.3 million, which included funding received from various external agencies and capital asset donations from developers totaling to \$2.2 million.

**Governmental Activities**  
**Expenses by Function/Program**  
**June 30, 2020**



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

*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2020*

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

**Business Type Activities**

	<b>Program Revenues</b>		<b>Percentage</b>	<b>Program Expenses</b>		<b>% Change</b>
	(amounts in millions)		<b>Change</b>	(amounts in millions)		
	<b>2020</b>	<b>2019</b>	<b>2020-2019</b>	<b>2020</b>	<b>2019</b>	<b>2020-2019</b>
<b>Business-Type Activities:</b>						
Water Supply & Distribution	\$ 65.0	\$ 65.0	-	\$ 50.5	\$ 48.0	5.2 %
Wastewater Management	60.9	57.5	5.9 %	30.5	31.4	(2.9)%
Solid Waste Management	52.5	54.2	(3.1)%	45.1	43.9	2.7 %
SMaRT Station	27.5	28.0	(1.8)%	29.3	29.0	1.0 %
Development	22.4	24.4	(8.2)%	16.7	15.8	5.7 %
Golf and Tennis Operations	3.4	3.6	(5.6)%	5.9	5.6	5.4 %
Total	<u>\$ 231.7</u>	<u>\$ 232.7</u>	(0.4)%	<u>\$ 178.0</u>	<u>\$ 173.7</u>	2.5 %

*Revenue Highlights:*

- Total program revenues in business-type activities decreased by \$1.0 million or 0.4% from last year, primarily due to utility rate increases offset by lower usage for some activities due to COVID-19 pandemic since March 2020.
- The utility rate increases were 4% for wastewater services and 1% for solid waste and recycling services while water rates remained the same. These rate increases became necessary to cover higher costs of operations and maintenance and rehabilitation of infrastructure into future years.

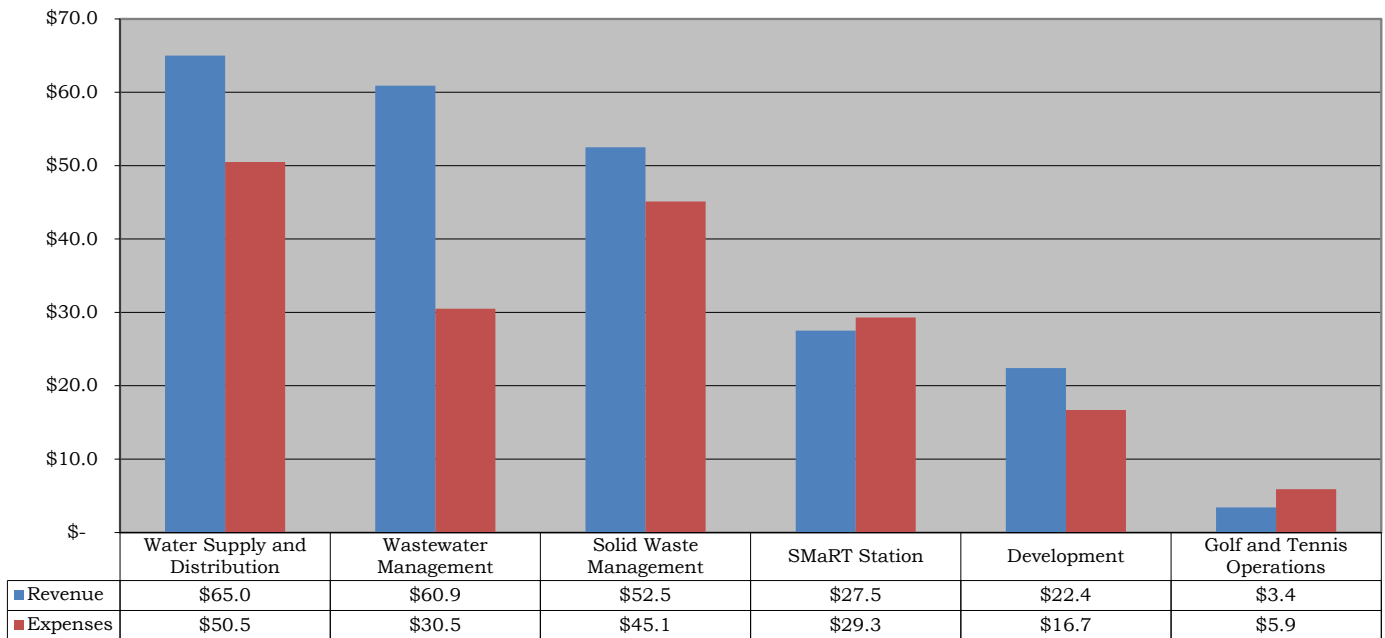
*Expense Highlights:*

- Total expenses in business-type activities increased by \$4.3 million or 2.5% from last year.
- Although water conservation efforts mitigated customer demand for water, the City continued to incur higher costs to acquire wholesale water as the suppliers charged higher rates to cover their fixed costs year after year.

**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2020**

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

**Business-Type Activities**  
**Program Revenues and Expenses (amounts in millions)**  
**June 30, 2020**



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

***Management's Discussion and Analysis, Continued***  
***Fiscal Year Ended June 30, 2020***

**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, 2020, the City's governmental funds reported a combined fund balance of \$536.5 million, an increase of \$30.3 million or 6.0% from the prior year. Approximately \$59.9 million or 11.2% of the combined fund balance constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$3.8 million), 2) legally required to be maintained intact (\$1.6 million), 3) restricted for particular purposes (\$336.5 million), 4) committed for particular purposes (\$63.7 million) or 5) assigned for particular purposes (\$70.9 million).

Increases to the fund balance primary were due to increases of Property Tax revenue (\$7.0 million), Park Dedication Service fees (\$16.8 million) and investment earnings (\$7.0 million). However, the total governmental funds expenditures were increased by \$48.4 million primarily due to capital outlay expenditures (\$41.4 million), which mainly consisted of three property purchases (\$26.9 million) and park improvements and transportation related capital projects (\$13.9 million). Moreover, Planning and Management, Public Safety, Community Development, and Transportation had higher expenditures by \$6.5 million than prior year mainly due to increases in salaries and benefits costs.

The analysis of the major governmental funds are as follows:

**General Fund**

The General Fund is the chief operating fund of the City. At the end of this fiscal year, total fund balance was \$126.2 million, of which \$59.9 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 \$177.5 million. Unassigned fund balance and total fund balance represented 33.7% and 71.1%, respectively, of the 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.

The General Fund's fund balance decreased by \$0.2 million during the year. Excess of revenues over expenditures was \$6.8 million. Transfers to other funds were \$10.2 million, compared to transfers of \$3.2 million received from other funds. Transfer to other funds were mainly to provide funding for capital projects and operational subsidies.

***Management's Discussion and Analysis, Continued***  
***Fiscal Year Ended June 30, 2020***

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

Total General Fund revenues were \$184.4 million, which was \$6.7 million lower than the prior year. The drop in revenues was mainly due to the decreases in sales tax and transient occupancy tax offset by an increase in property taxes. Refer to the revenue highlights in the preceding section about government-wide analysis for those tax revenues contributing to the decrease.

Total General Fund expenditures were \$177.5 million, which was \$13.2 million higher than last year. The Public Safety program expenditures were \$3.1 million more than the prior year as the City continued with its increased efforts in recruitment and training and staffing for public safety services. Additionally, the Capital Outlay expenditures increased by \$5.8 million mainly due to a property purchase located at 752 Kifer Road, which was leased to a nonprofit agency on a nominal rent for six months.

**Housing Special Revenue Fund**

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

The Housing Special Revenue Fund had expenditures that exceed revenue by \$0.5 million. Total revenue and expenditures were \$13.9 million and \$14.4 million, respectively. The expenditures included amount spent for a property purchase located at 1178 Sonora Court in the amount \$13.5 million. The property will be used to construct an affordable housing development with at least 147 residential rental units in the near future. The fund also received a transfer of \$1.0 million from the Low and Moderate Income Housing Asset Fund to redevelop a City property into an affordable housing complex.

**Park Dedication Special Revenue Fund**

The Park Dedication Fund accounts for funds that developers contribute towards the acquisition, construction, or renovation of neighborhood parks. Total revenue and expenditures were \$30.8 million and \$7.4 million, respectively. Revenues increased from prior year's \$12.3 million to current year's \$30.8 million mainly due to increase in revenue from developers from prior year's \$9.0 million to current year's \$25.7 million. The expenditures included amount spent for a property purchase located at 1142 Dahlia Drive in the amount \$7.4 million. Transfer to other funds for park-related projects totaled to \$6.7 million. The transferred funds are to cover expenditures of several projects associated with renovation, rehabilitation, and improvements of the City parks facilities, including landscaping and irrigation at Fair Oaks Park and replacement and enhancement of the Washington Community Swim Center. This fund had an increase in fund balance of \$16.7 million. The fund balance continues to accumulate until the eligible projects are identified for improvements.

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



***Management's Discussion and Analysis, Continued***  
***Fiscal Year Ended June 30, 2020***

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

**Employment Development Special Revenue Fund**

The City of Sunnyvale, as administrative entity for the North Valley (NOVA) Job Training Consortium, is required by legislation and regulations to account for the use of various federal and state funds and program revenues for the workforce development activities that are conducted for the North Valley Job Training Consortium (NOVA). The City has established the Employment Development Fund to fulfill this obligation.

The Employment Development Special Revenue Fund showed a small decrease in fund balance due to expenditures being slightly higher than revenues for the year.

**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 showed an increase in fund balance of \$9.9 million. Total revenues were higher than expenditures by \$4.2 million. This fund received transfers in of \$5.7 million during the year, primarily from the General Fund and Park Dedication Special Revenue Fund to improve and enhance general use capital assets and park and community improvement projects. The fund has capital outlay expenditures of \$12.8 million, which included capital costs for Washington Swim center improvements, Mathilda Avenue and Indio way intersection and streetscape, and Maude Avenue bike lane and several other traffic mitigation related improvements.

**Infrastructure Renovation and Replacement Capital Projects Fund**

The Infrastructure Renovation and Replacement Capital Projects Fund accounts for projects related to the City's Long-Range Infrastructure Plan for the renovation and replacement of existing general capital assets. The fund balance increased by \$1.5 million. The fund received transfer in of \$13.1 million including \$4.6 million from the General Fund for the planned infrastructure improvement projects, such as the City Civic Center Modernization Project, and \$8.5 million from other funds to improve and enhance City capital assets and equipment. The fund balance is committed and assigned for various planned infrastructure projects per the City's 20-year Financial Plan.

**Proprietary Funds**

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

**Water Supply and Distribution Enterprise Fund**

The Water Supply and Distribution Enterprise Fund's net position increased by \$17.6 million. Charges for services were slightly higher by \$0.2 million comparing with the prior year mainly due to no water rate changes in the current year. Operating expenses had an increase of \$3.0 million from the prior year, which was primarily led by increased water purchased resale costs. Non-cash capital contributions were \$0.2 million. The fund's net income before contributions and transfers was \$17.8 million.

***Management's Discussion and Analysis, Continued***  
***Fiscal Year Ended June 30, 2020***

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

**Wastewater Management Enterprise Fund**

The Wastewater Management Enterprise Fund's net position increased by \$31.3 million. The fund's net income before contributions and transfers was \$33.5 million. Cash and non-cash capital contributions were \$0.4 million. During the year, \$2.7 million was transferred out for facility and project support. Capital improvements to the City's aging wastewater treatment plant and collection system were funded by increased service fees rates revenues and low-cost loan programs.

**Solid Waste Management Enterprise Fund**

The Solid Waste Management Enterprise Fund's net position increased \$6.0 million from prior year. Revenue decreased by \$1.8 million and operating expenses increased by \$1.2 million when compared to prior year.

The fund's net income before contributions and transfers was \$8.5 million, which was lower by \$2.6 million from prior year. During the year, \$2.0 million was transferred out for facility and project support and \$0.5 million was transferred to the SMaRT Station Enterprise Fund for debt service payments. At year end, the balance of the advances from other funds \$13.2 million and landfill closure and postclosure costs was \$6.5 million.

**SMaRT Station Enterprise Fund**

The SMaRT Station Enterprise Fund's net position decreased \$1.1 million from the prior year. The fund had an operating loss of \$1.8 million due to an overall decline in demand for services. The fund's net loss before transfers was \$1.7 million. The fund received a transfer in of \$0.5 million from the Solid Waste Management Enterprise Fund for the its share of debt service payment.

**Development Enterprise Fund**

Development-related activities and revenues had been accounted for in the General Fund until fiscal year 2014. The fund's net position was \$40.8 million, an increase of \$7.7 million from last year. The development activities during the year was negatively impacted by COVID-19 pandemic, and charges for services were \$22.4 million, a decrease of \$1.9 million from prior year. The fund's expenses totaled to \$16.5 million, which was \$1.0 million higher than prior year.

Operating expenses involve the administration and regulation of development-related activity, which comprises 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 decreased by \$0.4 million from prior year. The fund's operating loss before transfers was \$2.4 million. Net transfers from the General Fund were \$2.0 million, which supplemented the operational expenses.

***Management's Discussion and Analysis, Continued***  
***Fiscal Year Ended June 30, 2020***

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

**Fiduciary Funds**

Below are significant highlights for significant fiduciary funds during this fiscal year:

- The Other Postemployment Benefit Trust Fund maintains fiduciary assets of the City's Retiree Healthcare Plan, which had an increase of \$10.5 million in net position. The City made a direct contribution of \$4.4 million to the trust. Net investment income from the plan assets was \$6.1 million.
- The Private-Purpose Trust Funds primarily account for the Redevelopment Successor Agency (RSA), which had a deficit net position of \$14.6 million at year-end. The deficit decreased by \$2.7 million compared with prior year's deficit of \$17.3 million. During the year, the RSA received \$3.5 million from the County Redevelopment Property Tax Trust Fund to pay for its enforceable obligations.

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

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

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

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

Final appropriations, including transfers to other funds, for fiscal year 2019/20 were \$248.3 million an increase of \$35.4 million from the original appropriations of \$212.9 million when prior year carryover is included. This increase reflects net changes to appropriations associated with adjustments during the fiscal year 2020/21 budget development process, appropriation modifications, and carryovers. Actual charges to appropriations (outflows) for the current fiscal year were \$14.3 million under the original budget and \$49.7 million under the final amended budget. Variations between the original and final amended appropriations are explained in the Required Supplementary Information. Actual cost savings in operating programs were \$5.8 million and project expenditures of \$25.0 million. There was also project transfer savings of \$18.9 million that contributed to the \$42.4 million positive variance though approximately \$38.8 million associated with project and transfer appropriations will not lapse at the end of the fiscal year as projects continue.

Resources (inflows) available for appropriations were \$28.4 million under the original budget. Actual revenue (excluding proceeds of property sale and transfers) was \$3.1 million over the final budgeted amounts. During the fiscal year 2019/20 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 the negative economic impact of the COVID-19 pandemic that resulted in tax loss and business interruption in the last quarter of the fiscal year. Revenue projections were revised down significantly to reflect these impacts.

*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2020*

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

**Capital Assets**

Capital assets including infrastructure are those assets that are used in the performance of the City's functions. At June 30, 2020, the City reported capital assets with carrying value of \$537.5 million under governmental activities and \$281.4 million under business-type activities.

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

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

The City policy is to achieve a Pavement Condition Index (PCI) rating of 75 or over for all streets. This rating represents a "Good" or better condition based on a regional measurement scale. While City policy is to achieve a PCI of at least 75, funding for rehabilitation and maintenance of City streets was increased starting fiscal year 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 in fiscal year 2019/20, was 76. The City's streets are constantly deteriorating as a result of the following four factors: (1) traffic using the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to 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, 2020 was \$8.0 million. Actual expenditures were \$5.7 million. These expenditures delayed deterioration and helped maintain the overall condition of the streets at a PCI level meeting the City's goal.

**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2020**

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

The following is a summary of the City's capital assets as of June 30, 2020 (amounts in millions).

<b>Description</b>	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Carrying Value</b>
<b>Capital Assets - Governmental Activities:</b>			
Land	\$ 143.6	\$ -	\$ 143.6
Buildings and Structures	122.1	67.9	54.2
Improvements Other than Buildings	144.9	62.7	82.2
Machinery and Equipment	51.4	32.9	18.5
Construction in Progress	45.1	-	45.1
Infrastructure:			
Nondepreciable	167.6	-	167.6
Depreciable	93.9	67.6	26.3
<b>Total</b>	<b>\$ 768.6</b>	<b>\$ 231.1</b>	<b>\$ 537.5</b>
<b>Capital Assets - Business-Type Activities:</b>			
Land	\$ 16.5	\$ -	\$ 16.5
Buildings and Structures	23.4	22.7	0.7
Improvements Other than Buildings	45.4	40.5	4.9
Machinery and Equipment	8.2	6.4	1.8
Construction in Progress	150.6	-	150.6
Infrastructure - Depreciable	207.7	100.8	106.9
<b>Total</b>	<b>\$ 451.8</b>	<b>\$ 170.4</b>	<b>\$ 281.4</b>

During the year, the City recorded some capital contributions from external sources. Developers contributed capital assets (streets, easements, traffic signals, and lights) with estimated acquisition value of \$2.2 million to governmental activities. Developers also contributed infrastructure assets of a combined \$0.7 million to the water supply and distribution system and wastewater management system.

There were several significant capital projects which were in progress at year end. Amounts capitalized for major capital projects in progress were significant for the wastewater management system and included \$53.8 million for costs of a major project for the construction of new primary treatment facilities at the Water Pollution Control Plant and for all phases of Sunnyvale Clean Water Program. Other projects in progress included \$9.7 million for the design and preconstruction phase of new Civic Center, \$3.9 million for Washington Community Swim Center, and \$2.0 million for Fair Oaks CalTrans Overcrossing. Note 15 to the Basic Financial Statements presents schedules of outstanding construction commitments for the construction in progress. It should be noted that project costs capitalized often include other items such as consultant fees which are outside of the construction commitments schedules.

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

**Management's Discussion and Analysis, Continued**  
**Fiscal Year Ended June 30, 2020**

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

**Long-Term Obligations**

As of June 30, 2020, the City had outstanding bonded obligations as listed below. Not included in the following table are the Community Facilities District No.1 Special Tax Bonds, backed by property tax levies against property owners, and the Housing Revenue Bonds, which are secured by a deed of trust on the property. The City is not obligated in any manner for those bonds. Each of the City's other bonds are backed by specific revenue sources.

The City's outstanding bonded debt obligations at the end of fiscal years 2020 and 2019 are presented in the schedule below (amounts in millions).

	<b>Governmental</b>		<b>Business-Type</b>		<b>Total</b>	
	<b>Activities</b>		<b>Activities</b>			
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Certificates of Participation	\$ 13.1	\$ 14.9	\$ -	\$ -	\$ 13.1	\$ 14.9
Revenue Bonds	-	-	40.3	41.4	40.3	41.4
Note Payable	-	-	82.0	40.0	82.0	40.0
<b>Total Bonded Debt</b>	<b>\$ 13.1</b>	<b>\$ 14.9</b>	<b>\$ 122.3</b>	<b>\$ 81.4</b>	<b>\$ 135.4</b>	<b>\$ 96.3</b>

During current year, the City has drawn down an additional \$43.4 million from the Clean Water State Revolving Fund Loan for the Water Pollution Control Plant Rehabilitation - Headworks and Primary Treatment Facilities Phase 1(A) Project. Repayment of this loan started in fiscal year 2021/22.

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

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

The budget for fiscal year 2020/21, adopted on June 23, 2020, is balanced in both the short- and long-term. The Adopted Budget focuses on the City's operations by allocating resources in eleven operating departments required to sustain public services. The budget strives to maintain the high level of service that our community values and invests in Council's strategic priorities while mitigating the economic uncertainty due to the unprecedented COVID-19 pandemic. The primary impact of the pandemic on Sunnyvale's finances has been as a result of the Shelter-in-Place (SIP) orders issued both locally and at the state level in order to slow the spread of the virus and maintain capacity in the health care system. As a result, businesses deemed non-essential (retail, restaurants, car dealerships, etc.) closed or have reduced capacity; slowing economic activity down for an unknown length of time. In addition, hotel occupancy and room rates plummeted due to restrictions for non-essential travel. These sudden impacts forced the City to refocus the budget in the face of significant revenue volatility and uncertainty.

*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2020*

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

The City's primary goal was to balance the distribution of resources to maintain a core level of service intact and continue to investment in key projects needed to sustain public services. In addition to cost-saving measures, this year's budget: Lowers revenue projections to reflect the economic downturn; Keeps rate increases flat for water and garbage utilities; Continues pension trust contributions; Retains infrastructure investment contribution; Refines the costs for the Lakewood Branch Library project; and Maintains salary and benefit assumptions for employees.

The most significant impact from COVID-19 pandemic has been to the City's General Fund. Without reducing costs, the General Fund Budget Stabilization Reserve would be depleted by fiscal year 2023/24. Therefore, to offset revenue losses and balance the budget, service levels were reduced and deferred or reallocated costs. Some cost-savings measures include reducing operations and maintenance costs, deferring some equipment and capital projects, freezing most vacant positions, reducing casual staff based on limited service offerings, and funding changes.

With consecutive increases in the taxable base for the last nine years, the City continues to benefit from multi-year growth in Property Tax revenues. Robust economic cycles have helped the City keep property revenue projections at unprecedented levels. However, negative impacts often lag a recovery and will depend on the extent of the recession. Therefore, this budget lowers the long-term assumptions for property tax revenue to account for anticipated slower growth. Additionally, business travel has largely dried up making it uncertain when hotel occupancy and rates will recover. Revenue estimates for transient occupancy tax were reduced to one half, with the assumption that the overall market will remain down. Sales tax, the City's second largest tax revenue, has also seen a steep decline with fewer people working and shopping in Sunnyvale. Sales tax is not anticipated to recover quickly; therefore, revenue estimates have been reduced by about 20% for the current fiscal year. Similarly, service fees were down due to the pandemic shutdown and capacity restrictions for gatherings, such as recreation activities.

With this sudden downturn in revenue such as sales tax and transient occupancy tax, rising operational costs have exacerbated pressures on the General Fund. Due to years of prudent and strategic planning and swift action to mitigate revenue loss with cost-saving measures, the City continues to maintain assumptions for employee compensation. The budget also continues investment in the recruitment and training of public safety officers, which is essential to maintaining emergency response times at the current level. For Public Safety sworn staff, where salary adjustments are based on a regional survey, an average increase of 3% is included across the first ten years.

In addition to salaries, the cost of benefits is increasing; pension and healthcare benefits being the contributing to the most substantial increases. For managing growth of pension costs on a long-term basis, the City has taken several actions, including implementing reduced benefit second and third tier pension plans for new employees, negotiating labor agreements with sustainable salary increases, and maintaining reserves to fund long-term pension and healthcare liabilities. For fiscal year 2020/21, the City is projected to pay \$48.0 million for pensions to CalPERS. That is anticipated to increase to \$76.4 million in about 10 years, about a 60% increase in cost. The funding ratios of City's two plans (Safety and Miscellaneous) are approximately 66.8% and 69.6%, respectively.

*Management's Discussion and Analysis, Continued*  
*Fiscal Year Ended June 30, 2020*

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

For the fiscal year 2020/21 budget, employer contribution rates are set at 60.8 % for the Safety Plan and 34.2% for Miscellaneous Plan. For the last decade, CalPERS has implemented significant changes in its amortization and rate smoothing policies to de-risk the system, which has caused short-term volatility in the City's payment for pensions. Several years of hard work in strategic planning and taking appropriate actions for funding the significant increases in pension payments has shown positive results even after including CalPERS's recent amortization policy changes, which shortens the amortization period for gains and losses from 30 to 20 years.

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

Personnel Resources Demands – Year-after-year increases in commercial/industrial and residential development bring with it a much higher demand for services including safety, parks and open space, traffic management, utilities and more. A higher demand for services leads to increases in the existing staff workloads at all levels of the organization. To address immediate and future needs for personnel resources, the City has taken several approaches, most notably, adding term-limited positions and/or contract staffing for creating a buffer of resources to allow adequate staffing when needed. However, these additional resources only begin to temporarily address the gap between workload and staff capacity. As demands continue to pressure our existing assets, the City will continue to look to strategically add resources to meet targeted service level requirements.

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) estimated at approximately \$850 million over twenty years. The City anticipates issuing long-term debt, including low cost loans such as an approved Water Infrastructure Finance and Innovation Act (WIFIA) federal loan, to fund planned capital improvements in the Utility Funds in addition to seeking grant funds where possible.

Demands from aging infrastructure – the City's aging administrative, parks, and utility infrastructure require resources to renovate and bring up to today's standards. The City has maintained cost assumptions based on recent market conditions for infrastructure projects and for fiscal year 2020/21, the City updated the timeline and budget for the Lakewood Branch Library. In addition, the City was able to take advantage of favorable market conditions for financing the Civic Center Modernization project and has moved forward with awarding a construction contract. The City continues to evaluate the conditions of its infrastructure needs and to evaluate available financing sources for unfunded capital projects.



***Management's Discussion and Analysis, Concluded  
Fiscal Year Ended June 30, 2020***

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

Other risks:

- Additional wave of pandemic requiring a reversion to stricter health and safety protocols; hindering economic recovery
- Continued or permanent shift in the economy affecting sales tax and transient occupancy tax in an unknown way long-term
- Political and/or financial volatility at the Federal and State level
- Economic impact of continued natural disasters (e.g. wildfires)

In summary, the City enters the fiscal year 2020/21 with a plan that maintains a core level of service and continues investment in key projects needed to sustain public services. Uncertainty with revenue, increasing pension costs due to market instability, deferred infrastructure improvements, and recruitment and retention of employees, will continue to present challenges. Further, the City's largest ongoing expense will continue to increase without economic recovery. To the extent possible, these pressures, while manageable, should be taken in context together through the City's budget process. Balancing priorities will continue to be critical in developing the budget going forward to ensure balance and fiscal sustainability.

***H. REQUEST FOR INFORMATION***

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

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## ***Government-Wide Financial Statements***

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**Statement of Net Position**  
**June 30, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets:</b>			
Deposits and Investments Held by City (Note 3)	\$ 287,147,436	\$ 215,799,664	\$ 502,947,100
Receivables, Current (Note 4)	9,330,822	18,736,449	28,067,271
Inventories and Prepaid Items (Note 1)	1,718,674	365,544	2,084,218
Assets Held for Resale (Note 1)	1,381,077	-	1,381,077
Long-term Receivables from Employees (Note 6)	3,315,199	-	3,315,199
Service Concession Arrangement Receivable (Note 1)	-	1,751,468	1,751,468
Internal Balances (Note 10)	16,344,031	(16,344,031)	-
Restricted Assets:			
Deposits and Investments Held by City (Note 3)	269,766,758	9,536,387	279,303,145
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	7,271,852	3	7,271,855
Receivables, Current (Note 4)	1,243,453	-	1,243,453
Intergovernmental Receivables (Note 5)	7,853,734	469,146	8,322,880
Housing Deficits Receivable (Note 20)	6,509,239	-	6,509,239
Housing Loans Receivable, Net (Note 7)	67,495,056	-	67,495,056
Capital Assets (Note 11):			
Land and Nondepreciable Assets	356,389,619	167,117,976	523,507,595
Depreciable Assets, Net	181,159,297	114,327,575	295,486,872
<b>Total Assets</b>	<b>1,216,926,247</b>	<b>511,760,181</b>	<b>1,728,686,428</b>
<b>Deferred Outflows of Resources (Note 9)</b>	<b>58,347,782</b>	<b>10,298,710</b>	<b>68,646,492</b>
<b>Liabilities:</b>			
Wages Payable	5,136,586	-	5,136,586
Accounts Payable and Accrued Liabilities	11,236,120	24,838,319	36,074,439
Refundable Deposits	1,826,810	1,641,402	3,468,212
Interest Payable	43,688	1,640,751	1,684,439
Unearned Revenues (Note 8)	6,892,857	408,795	7,301,652
Noncurrent Liabilities:			
Due within One Year - Long-term Obligations (Note 12)	19,981,279	3,388,256	23,369,535
Due in More than One Year:			
Long-term Obligations (Note 12)	34,074,978	126,904,080	160,979,058
Net Pension Liability (Note 16)	327,216,687	52,048,413	379,265,100
Net OPEB Liability (Note 17)	57,137,913	12,460,593	69,598,506
<b>Total Liabilities</b>	<b>463,546,918</b>	<b>223,330,609</b>	<b>686,877,527</b>
<b>Deferred Inflows of Resources (Note 9)</b>	<b>16,906,619</b>	<b>3,346,455</b>	<b>20,253,074</b>
<b>Net Position (Note 19):</b>			
Net Investment in Capital Assets	528,996,310	159,176,113	688,172,423
Restricted for:			
Capital Projects	92,370,820	-	92,370,820
Housing	135,718,552	-	135,718,552
Park Dedication	103,034,431	-	103,034,431
Public Streets and Highways	11,187,535	-	11,187,535
Law Enforcement	971,510	-	971,510
Other City Programs	2,272,738	5,270,934	7,543,672
Nonexpendable Permanent Funds Principal and Endowment	2,071,375	-	2,071,375
<b>Total Restricted Net Position</b>	<b>347,626,961</b>	<b>5,270,934</b>	<b>352,897,895</b>
<b>Unrestricted Net Position</b>	<b>(81,802,779)</b>	<b>130,934,780</b>	<b>49,132,001</b>
<b>Total Net Position</b>	<b>\$ 794,820,492</b>	<b>\$ 295,381,827</b>	<b>\$ 1,090,202,319</b>

See Accompanying Notes to the Basic Financial Statements

**Statement of Activities**  
**Year Ended June 30, 2020**

Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Planning and Management	\$ 17,073,553	\$ 466,740	\$ 431,155	\$ -	\$ 897,895
Public Safety	122,840,325	4,494,100	2,365,464	57,173	6,916,737
Community Development	22,848,939	42,459,657	2,477,043	1,001,075	45,937,775
Transportation	21,886,863	5,526,104	3,890,682	13,924,985	23,341,771
Socioeconomic	11,939,335	402,298	8,691,050	-	9,093,348
Cultural	19,784,014	3,197,419	153,597	1,312,917	4,663,933
Environmental Management	3,652,874	8,437	315,200	-	323,637
Interest on Long-term Debt	382,057	-	-	-	-
Total Governmental Activities	220,407,960	56,554,755	18,324,191	16,296,150	91,175,096
Business-Type Activities:					
Water Supply and Distribution	50,465,765	64,727,124	-	226,700	64,953,824
Wastewater Management	30,477,183	60,453,204	-	431,700	60,884,904
Solid Waste Management	45,133,603	52,458,851	-	-	52,458,851
SMaRT Station	29,304,214	27,471,963	-	-	27,471,963
Development	16,680,185	22,447,764	-	-	22,447,764
Golf and Tennis Operations	5,900,067	3,401,625	-	-	3,401,625
Total Business-Type Activities	177,961,017	230,960,531	-	658,400	231,618,931
Total Primary Government	\$ 398,368,977	\$ 287,515,286	\$ 18,324,191	\$ 16,954,550	\$ 322,794,027

**General Revenues:**

## Taxes:

Property Taxes  
Sales and Use Taxes  
Franchise Fees - Based on Gross Receipts  
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

Miscellaneous

**Transfers (Note 18)****Total General Revenues and Transfers****Change in Net Position****Net Position - Beginning of Year****Net Position - End of Year**

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (16,175,658)	\$ -	\$ (16,175,658)
(115,923,588)	-	(115,923,588)
23,088,836	-	23,088,836
1,454,908	-	1,454,908
(2,845,987)	-	(2,845,987)
(15,120,081)	-	(15,120,081)
(3,329,237)	-	(3,329,237)
(382,057)	-	(382,057)
(129,232,864)	-	(129,232,864)
-	14,488,059	14,488,059
-	30,407,721	30,407,721
-	7,325,248	7,325,248
-	(1,832,251)	(1,832,251)
-	5,767,579	5,767,579
-	(2,498,442)	(2,498,442)
-	53,657,914	53,657,914
(129,232,864)	53,657,914	(75,574,950)
92,069,374	-	92,069,374
27,118,152	-	27,118,152
7,179,493	-	7,179,493
8,258,540	-	8,258,540
15,929,808	-	15,929,808
1,815,234	-	1,815,234
5,171,077	-	5,171,077
1,935,129	-	1,935,129
159,476,807	-	159,476,807
26,831,379	9,726,721	36,558,100
458,074	-	458,074
24,728	-	24,728
1,866,072	(1,866,072)	-
188,657,060	7,860,649	196,517,709
59,424,196	61,518,563	120,942,759
735,396,296	233,863,264	969,259,560
\$ 794,820,492	\$ 295,381,827	\$ 1,090,202,319

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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 ***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).

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.

**CITY OF SUNNYVALE**
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>Housing Special Revenue</b>	<b>Park Dedication Special Revenue</b>
<b>Assets:</b>			
Deposits and Investments Held by City (Note 3)	\$ 122,906,037	\$ 57,635,357	\$ 102,495,546
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	1,316,912	-	-
Receivables, Current (Note 4)	8,367,215	317,291	538,885
Intergovernmental Receivables (Note 5)	1,754,932	-	-
Due From Other Funds (Note 10)	2,392,787	-	-
Advances to Other Funds (Note 10)	18,941,986	-	-
Inventories and Prepaid Items (Note 1)	614,267	-	-
Long-term Receivables from Employees (Note 6)	1,730,251	-	-
Housing Deficits Receivable (Note 20)	-	-	-
Housing Loans Receivable (Note 7)	-	41,893,770	-
Assets Held for Resale (Note 1)	1,101,077	280,000	-
Total Assets	<u>\$ 159,125,464</u>	<u>\$ 100,126,418</u>	<u>\$ 103,034,431</u>
<b>Liabilities:</b>			
Accounts Payable and Accrued Liabilities	\$ 2,575,819	\$ 17,954	\$ -
Refundable Deposits	1,749,346	-	-
Due to Other Funds (Note 10)	-	-	-
Unearned Revenue (Note 8)	6,865,557	-	-
Total Liabilities	<u>11,190,722</u>	<u>17,954</u>	<u>-</u>
<b>Deferred Inflows of Resources (Note 9)</b>	<u>21,750,179</u>	<u>3,109,931</u>	<u>-</u>
<b>Fund Balances (Note 19):</b>			
Nonspendable	3,796,702	-	-
Restricted	3,066,002	96,998,533	103,034,431
Committed	59,439,111	-	-
Assigned	-	-	-
Unassigned	59,882,748	-	-
Total Fund Balances	<u>126,184,563</u>	<u>96,998,533</u>	<u>103,034,431</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 159,125,464</u>	<u>\$ 100,126,418</u>	<u>\$ 103,034,431</u>

See Accompanying Notes to the Basic Financial Statements

Major Funds			Nonmajor	
Employment Development Special Revenue	City Projects	Infrastructure Renovation and Replacement	Governmental Funds	Total Governmental Funds
\$ -	\$ 92,935,059	\$ 78,267,315	\$ 16,759,617	\$ 470,998,931
-	-	-	1,189,865	2,506,777
11,338	255,598	420,682	83,436	9,994,445
1,042,537	2,353,007	-	2,703,258	7,853,734
-	-	-	-	2,392,787
-	-	-	-	18,941,986
-	-	-	-	614,267
-	-	-	-	1,730,251
-	-	-	6,509,239	6,509,239
-	-	-	25,601,286	67,495,056
-	-	-	-	1,381,077
<u>\$ 1,053,875</u>	<u>\$ 95,543,664</u>	<u>\$ 78,687,997</u>	<u>\$ 52,846,701</u>	<u>\$ 590,418,550</u>
\$ 415,502	\$ 3,080,544	\$ 3,465,400	\$ 350,740	\$ 9,905,959
-	65,000	-	-	1,814,346
488,384	-	-	1,904,403	2,392,787
-	27,300	-	-	6,892,857
<u>903,886</u>	<u>3,172,844</u>	<u>3,465,400</u>	<u>2,255,143</u>	<u>21,005,949</u>
<u>3,000</u>	<u>1,550,249</u>	<u>-</u>	<u>6,494,220</u>	<u>32,907,579</u>
-	-	-	1,625,589	5,422,291
146,989	90,820,571	-	42,471,749	336,538,275
-	-	4,296,517	-	63,735,628
-	-	70,926,080	-	70,926,080
-	-	-	-	59,882,748
<u>146,989</u>	<u>90,820,571</u>	<u>75,222,597</u>	<u>44,097,338</u>	<u>536,505,022</u>
<u>\$ 1,053,875</u>	<u>\$ 95,543,664</u>	<u>\$ 78,687,997</u>	<u>\$ 52,846,701</u>	<u>\$ 590,418,550</u>

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**Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Position  
June 30, 2020**

<b>Total Fund Balances - Total Governmental Funds</b>	\$ 536,505,022
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, 2020, capital assets used by governmental activities excluding \$22,559,026 of capital assets used by Internal Service Funds.	514,989,890
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 \$44,930,000 less amount owed by business-type activities for internal service funds activities of \$2,597,955 at year end).	42,332,045
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	18,941,986
Interest accrued on receivables from employees	94,679
Long-term receivables from special capital assessments	15,742
Unpaid administrative citations placed on tax roll	44,400
Proposition 172 revenue	145,379
State, County, and other agency cost reimbursements	1,335,100
Long-term housing loans interest portion	9,456,104
Eligible expenditures to be reimbursed by grants	1,979,546
Bonds payable is not reported as fund liabilities.	(13,145,000)
Interest payable on bonds, not due and payable in the current period, is not reported in the funds.	(43,688)
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	(304,729,433)
Deferred inflows of resources related to pension	(5,739,310)
Deferred outflows of resources related to pension	42,138,871
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	(51,946,259)
Deferred inflows of resources related to OPEB	(8,831,774)
Deferred outflows of resources related to OPEB	11,277,192
<b>Net Position of Governmental Activities</b>	<b>\$ 794,820,492</b>

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, 2020**

	<b>Major Funds</b>		
	<b>General Fund</b>	<b>Housing Special Revenue</b>	<b>Park Dedication Special Revenue</b>
<b>Revenues:</b>			
Property Taxes	\$ 91,839,181	\$ -	\$ -
Sales and Use Taxes	28,826,695	-	-
Other Taxes	33,109,789	-	-
Franchise Fees	7,179,493	-	-
Intergovernmental Revenues	1,502,876	-	-
Permits and Licenses	2,130,391	-	-
Fines and Forfeitures	1,103,988	-	-
Special Assessments	6,055	-	-
Service Fees	5,585,443	10,894,522	25,736,763
Rents and Concessions	1,224,558	-	-
Interest Received from Interfund Advances	4,451,196	-	-
Investment Earnings	6,713,140	2,898,927	5,019,945
Other Revenues	687,047	87,179	-
<b>Total Revenues</b>	<b>184,359,852</b>	<b>13,880,628</b>	<b>30,756,708</b>
<b>Expenditures:</b>			
Current:			
Planning and Management	13,059,419	90,872	-
Public Safety	106,993,566	-	-
Community Development	16,005,303	742,426	-
Transportation	9,631,845	-	-
Socioeconomic	2,020,155	-	-
Cultural	17,747,669	-	-
Environmental Management	3,142,369	-	-
Capital Outlay	7,687,729	13,550,100	7,417,230
Debt Service:			
Principal Retirement	1,035,000	-	-
Interest	200,625	-	-
Fiscal Charges	3,613	-	-
<b>Total Expenditures</b>	<b>177,527,293</b>	<b>14,383,398</b>	<b>7,417,230</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>6,832,559</b>	<b>(502,770)</b>	<b>23,339,478</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In (Note 18)	3,235,227	1,000,000	-
Transfers Out (Note 18)	(10,241,420)	(5,910)	(6,657,595)
<b>Total Other Financing Sources (Uses)</b>	<b>(7,006,193)</b>	<b>994,090</b>	<b>(6,657,595)</b>
<b>Net Change in Fund Balances</b>	<b>(173,634)</b>	<b>491,320</b>	<b>16,681,883</b>
<b>Fund Balances, Beginning of Year</b>	<b>126,358,197</b>	<b>96,507,213</b>	<b>86,352,548</b>
<b>Fund Balances, End of Year</b>	<b>\$ 126,184,563</b>	<b>\$ 96,998,533</b>	<b>\$ 103,034,431</b>

See Accompanying Notes to the Basic Financial Statements

Major Funds			Nonmajor	
Employment Development Special Revenue	City Projects	Infrastructure Renovation and Replacement	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 91,839,181
-	-	-	-	28,826,695
-	-	-	-	33,109,789
-	-	-	-	7,179,493
8,939,482	4,148,966	-	11,956,488	26,547,812
-	-	-	-	2,130,391
-	-	-	-	1,103,988
-	-	-	-	6,055
2,765	9,464,375	-	198,998	51,882,866
-	-	-	-	1,224,558
-	-	-	-	4,451,196
-	3,511,678	4,092,631	609,046	22,845,367
(76,851)	-	1,290,000	727,729	2,715,104
8,865,396	17,125,019	5,382,631	13,492,261	273,862,495
303,408	14,613	-	33,874	13,502,186
-	-	-	291,791	107,285,357
-	-	-	1,604,367	18,352,096
-	86,534	-	1,581,335	11,299,714
8,592,432	-	-	449,273	11,061,860
-	-	133,787	-	17,881,456
-	-	-	5,049	3,147,418
-	12,791,725	16,224,269	1,087,448	58,758,501
-	-	-	680,000	1,715,000
-	-	-	111,804	312,429
-	-	-	78,952	82,565
8,895,840	12,892,872	16,358,056	5,923,893	243,398,582
(30,444)	4,232,147	(10,975,425)	7,568,368	30,463,913
-	5,702,424	13,077,681	837,197	23,852,529
(51,884)	-	(588,176)	(6,482,972)	(24,027,957)
(51,884)	5,702,424	12,489,505	(5,645,775)	(175,428)
(82,328)	9,934,571	1,514,080	1,922,593	30,288,485
229,317	80,886,000	73,708,517	42,174,745	506,216,537
\$ 146,989	\$ 90,820,571	\$ 75,222,597	\$ 44,097,338	\$ 536,505,022

**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, 2020**

<b>Net Change in Fund Balances - Total Governmental Funds</b>	<b>\$ 30,288,485</b>
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	51,820,834
Depreciation recorded in the current period - governmental activities	(9,220,238)
Contributions of capital assets are not recorded in the governmental funds	2,155,300
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	458,074
Interfund interest previously deferred in the fund was received in current year.	(4,451,196)
Interest accrued on long-term housing loan receivables and allowance for uncollectible accounts	1,004,239
Conway assessment installments	(4,535)
Administrative citation placed on tax roll	(4,100)
Various cost sharing	(84,782)
Various grants	1,038,114
Proposition 172 revenue	6,465
Repayment of principal on the bonds is reported in the fund as expenditures.	1,715,000
This amount represents the change in accrued interest on bonds payable from prior year.	12,937
Internal Service Funds are primarily to serve governmental activities. The change in net position of the Internal Service Funds is reported with governmental activities.	
This amount represents the portion of change in Internal Service Fund net position attributable to business-type activities. Business-type activities paid \$2,141,662 for internal services during the year.	
At year end, the internal service lookback adjustment was determined to be \$1,586,734.	(554,928)
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.	
	(21,780,277)
Changes to net OPEB liability and OPEB-related deferred outflows and inflows of resources do not require current financial resources and are only reported in the government-wide financial statements.	
	3,320,565
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 59,424,196</b>

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, 2020**

	<b>Business-Type Activities</b>		
	<b>Major Enterprise Funds</b>		
	<b>Water Supply and Distribution</b>	<b>Wastewater Management</b>	<b>Solid Waste Management</b>
<b>Assets:</b>			
Current Assets:			
Deposits and Investments Held by City (Note 3)	\$ 67,621,153	\$ 62,680,285	\$ 22,496,123
Receivables, Net (Note 4)	7,943,784	5,027,665	5,417,724
Intergovernmental Receivables (Note 5)	-	79,420	282,174
Advances to Other Funds (Note 10)	-	404,744	-
Inventories and Prepaid Items (Note 1)	-	217,949	-
Restricted Assets:			
Deposits and Investments Held by City (Note 3)	-	9,536,387	-
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	1	2	-
Total Current Assets	75,564,938	77,946,452	28,196,021
Noncurrent Assets:			
Receivables from Employees (Note 6)	-	-	-
Advances to Other Funds (Note 10)	-	224,731	-
Service Concession Arrangement Receivable (Note 1)	-	-	-
Capital Assets (Note 11):			
Land & Nondepreciable Assets	2,344,775	152,306,426	32,333
Depreciable Assets, Net	47,678,056	61,671,838	2,298,774
Total Noncurrent Assets	50,022,831	214,202,995	2,331,107
<b>Total Assets</b>	<b>125,587,769</b>	<b>292,149,447</b>	<b>30,527,128</b>
<b>Deferred Outflows of Resources (Note 9)</b>	<b>1,492,767</b>	<b>4,092,511</b>	<b>539,353</b>
<b>Liabilities:</b>			
Current Liabilities:			
Wages Payable	-	-	-
Accounts Payable and Accrued Liabilities	3,514,878	12,867,431	2,201,994
Advances from Other Funds (Note 10)	-	949,615	3,874,946
Refundable Deposits	620,685	269,906	750,134
Interest Payable	155,892	1,482,698	-
Unearned Revenues (Note 8)	100,000	30,000	-
Service Concession Arrangement Maintenance Liability (Note 1)	-	-	-
Claims and Judgments Payable - Due Within One Year (Note 12)	-	-	-
Compensated Absences Payable - Due Within One Year (Note 12)	-	-	-
Landfill Closure and Postclosure Costs (Note 12)	-	-	838,037
Bonds and Notes Payable - Due Within One Year (Note 12)	530,000	1,185,000	-
Total Current Liabilities	4,921,455	16,784,650	7,665,111
Noncurrent Liabilities:			
Advances from Other Funds (Note 10)	-	5,387,165	9,359,735
Service Concession Arrangement Maintenance Liability (Note 1)	-	-	-
Claims and Judgments Payable - Due in More than One Year (Note 12)	-	-	-
Compensated Absences Payable - Due in More than One Year (Note 12)	-	-	-
Landfill Closure and Postclosure Costs (Note 12)	-	-	5,628,938
Bonds and Notes Payable - Due in More than One Year (Note 12)	16,485,761	103,365,880	-
Net Pension Liability - Due in More than One Year (Note 16)	7,895,898	21,689,640	2,782,470
Net OPEB Liability - Due in More than One Year (Note 17)	1,959,500	5,259,972	700,630
Total Noncurrent Liabilities	26,341,159	135,702,657	18,471,773
<b>Total Liabilities</b>	<b>31,262,614</b>	<b>152,487,307</b>	<b>26,136,884</b>
<b>Deferred Inflows of Resources (Note 9)</b>	<b>422,456</b>	<b>1,417,225</b>	<b>150,156</b>
<b>Net Position (Note 19):</b>			
Net Investment in Capital Assets	33,007,071	109,427,386	2,331,107
Restricted for Debt Service	-	5,270,934	-
Unrestricted	62,388,395	27,639,106	2,448,334
<b>Total Net Position</b>	<b>\$ 95,395,466</b>	<b>\$ 142,337,426</b>	<b>\$ 4,779,441</b>

See Accompanying Notes to the Basic Financial Statements


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Business-Type Activities					Governmental Activities Internal Service Funds
Major Enterprise Funds				Total Enterprise Funds	
SMaRT Station®	Development	Golf and Tennis Operations			
\$ 4,750,774	\$ 58,190,844	\$ 60,485	\$ 215,799,664	\$ 85,915,263	
10,056	331,900	5,320	18,736,449	579,830	
107,552	-	-	469,146	-	
-	-	-	404,744	-	
-	-	147,595	365,544	1,104,407	
-	-	-	9,536,387	-	
-	-	-	3	4,765,075	
4,868,382	58,522,744	213,400	245,311,937	92,364,575	
-	-	-	-	1,584,948	
-	-	-	224,731	-	
-	-	1,751,468	1,751,468	-	
2,750,838	-	9,683,604	167,117,976	6,413,659	
1,317,915	25,169	1,335,823	114,327,575	16,145,367	
4,068,753	25,169	12,770,895	283,421,750	24,143,974	
8,937,135	58,547,913	12,984,295	528,733,687	116,508,549	
195,368	3,170,974	807,737	10,298,710	4,931,719	
-	-	-	-	5,136,586	
4,111,461	2,102,832	39,723	24,838,319	1,330,161	
-	-	-	4,824,561	-	
-	-	677	1,641,402	12,464	
2,161	-	-	1,640,751	-	
-	248,148	30,647	408,795	-	
-	-	132,419	132,419	-	
-	-	-	-	5,215,202	
-	-	-	-	12,961,077	
-	-	-	838,037	-	
702,800	-	-	2,417,800	-	
4,816,422	2,350,980	203,466	36,742,084	24,655,490	
-	-	-	14,746,900	-	
-	-	1,423,501	1,423,501	-	
-	-	-	-	17,337,798	
-	-	-	-	5,397,180	
-	-	-	5,628,938	-	
-	-	-	119,851,641	-	
971,242	14,324,347	4,384,816	52,048,413	22,487,254	
205,433	3,406,811	928,247	12,460,593	5,191,654	
1,176,675	17,731,158	6,736,564	206,159,986	50,413,886	
5,993,097	20,082,138	6,940,030	242,902,070	75,069,376	
45,364	885,331	425,923	3,346,455	1,440,892	
3,365,953	25,169	11,019,427	159,176,113	22,559,027	
-	-	-	5,270,934	-	
(271,911)	40,726,249	(4,593,348)	128,336,825	22,370,973	
\$ 3,094,042	\$ 40,751,418	\$ 6,426,079	\$ 292,783,872	\$ 44,930,000	

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**CITY OF SUNNYVALE**

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***Reconciliation of the Enterprise Funds Statement of Net Position  
to the Government-Wide Statement of Net Position  
June 30, 2020***

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<b>Total Net Position - Total Enterprise Funds</b>	\$ 292,783,872
Adjustment to reflect the amount owed by Business-Type Activities for interest service fund activities.	<u>2,597,955</u>
<b>Net Position of Business-Type Activities</b>	<u><u>\$ 295,381,827</u></u>

See Accompanying Notes to the Basic Financial Statements

**CITY OF SUNNYVALE**
**Statement of Revenues, Expenses, and Changes in Net Position  
Proprietary Funds  
Year Ended June 30, 2020**

	<b>Major Enterprise Funds</b>		
	<b>Water Supply and Distribution</b>	<b>Wastewater Management</b>	<b>Solid Waste Management</b>
<b>Operating Revenues:</b>			
Charges for Services	\$ 64,727,124	\$ 60,453,204	\$ 52,458,851
<b>Operating Expenses:</b>			
Personnel Services	5,159,014	13,279,067	1,541,492
Contractual Services	1,086,417	3,287,418	38,699,755
Materials and Supplies	842,927	2,617,143	81,091
Utilities	402,617	836,793	56,465
Taxes and Licenses	193,731	243,315	650,856
Equipment and Building Rental	795,699	1,150,398	227,527
Water Purchased for Resale	33,924,051	-	-
Insurance Premiums and Claims	-	-	-
Retirement Premiums	-	-	-
Other Operating Expenses	164,379	254,170	30,710
General Fund Administration	4,072,225	2,980,856	3,339,591
Depreciation (Note 11)	2,846,207	3,170,036	171,006
<b>Total Operating Expenses</b>	<b>49,487,267</b>	<b>27,819,196</b>	<b>44,798,493</b>
<b>Operating Income (Loss)</b>	<b>15,239,857</b>	<b>32,634,008</b>	<b>7,660,358</b>
<b>Nonoperating Revenues (Expenses):</b>			
Investment Earnings	3,073,173	2,682,143	1,128,465
Interest Expense	(555,624)	(1,772,411)	(335,483)
<b>Total Nonoperating Revenues (Expenses)</b>	<b>2,517,549</b>	<b>909,732</b>	<b>792,982</b>
<b>Income (Loss) before Capital Contributions and Transfers</b>	<b>17,757,406</b>	<b>33,543,740</b>	<b>8,453,340</b>
Capital Contributions	226,700	431,700	-
Transfers In (Note 18)	79,591	6,934	24,720
Transfers Out (Note 18)	(430,749)	(2,699,365)	(2,520,147)
<b>Change in Net Position</b>	<b>17,632,948</b>	<b>31,283,009</b>	<b>5,957,913</b>
<b>Net Position (Deficit) - Beginning of Year</b>	<b>77,762,518</b>	<b>111,054,417</b>	<b>(1,178,472)</b>
<b>Net Position (Deficit), End of Year</b>	<b>\$ 95,395,466</b>	<b>\$ 142,337,426</b>	<b>\$ 4,779,441</b>

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	
\$ 27,471,963	\$ 22,447,764	\$ 3,401,625	\$ 230,960,531		\$ 121,142,791	
637,969	10,995,001	2,663,832	34,276,375		34,611,758	
14,591,058	2,594,697	780,015	61,039,360		6,348,482	
427,197	127,680	252,420	4,348,458		2,845,921	
-	113	826,762	2,122,750		2,168,553	
11,355,219	174	-	12,443,295		-	
(9,777)	1,056,381	573,333	3,793,561		1,997,989	
-	-	-	33,924,051		-	
-	-	-	-		30,239,497	
-	-	-	-		44,721,835	
48	9,893	45,602	504,802		180,656	
-	1,718,112	433,343	12,544,127		-	
2,280,372	3,160	252,712	8,723,493		2,493,033	
29,282,086	16,505,211	5,828,019	173,720,272		125,607,724	
(1,810,123)	5,942,553	(2,426,394)	57,240,259		(4,464,933)	
167,976	2,695,243	-	9,747,000		3,986,010	
(10,772)	-	-	(2,674,290)		-	
157,204	2,695,243	-	7,072,710		3,986,010	
(1,652,919)	8,637,796	(2,426,394)	64,312,969		(478,923)	
-	-	-	658,400		-	
508,936	-	2,014,020	2,634,201		6,992,160	
-	(966,824)	(24,850)	(6,641,935)		(2,808,998)	
(1,143,983)	7,670,972	(437,224)	60,963,635		3,704,239	
4,238,025	33,080,446	6,863,303	231,820,237		41,225,761	
\$ 3,094,042	\$ 40,751,418	\$ 6,426,079	\$ 292,783,872		\$ 44,930,000	

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**CITY OF SUNNYVALE**

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***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, 2020***

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<b>Change in Net Position - Total Enterprise Funds</b>	\$ 60,963,635
Internal service funds look-back adjustments for the year	(1,586,734)
Payment made to governmental activities	<u>2,141,662</u>
<b>Change in Net Position of Business-Type Activities</b>	<u><u>\$ 61,518,563</u></u>

See Accompanying Notes to the Basic Financial Statements

**CITY OF SUNNYVALE**
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2020**

	<b>Major Enterprise Funds</b>		
	<b>Water Supply and Distribution</b>	<b>Wastewater Management</b>	<b>Solid Waste Management</b>
<b>Cash Flow from Operating Activities:</b>			
Cash Received from Customers	\$ 66,936,185	\$ 62,164,924	\$ 54,292,070
Cash Received for Interfund Service Provided	-	-	-
Cash Paid for General Fund Administration	(4,072,225)	(2,980,856)	(3,339,591)
Cash Payments to Suppliers of Goods and Services	(37,613,872)	(7,504,309)	(39,607,058)
Cash Payments for Employee Services	(4,788,587)	(8,003,934)	(1,473,954)
Insurance and Claims Paid	-	-	-
<b>Net Cash Provided by (Used For) Operating Activities</b>	<b>20,461,501</b>	<b>43,675,825</b>	<b>9,871,467</b>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers from Other Funds	79,591	6,934	24,720
Transfers to Other Funds	(430,749)	(2,699,365)	(2,520,147)
Short-term Loan Received from (Paid to) Other Funds	-	-	-
Repayment of Advance from Other Funds	-	(576,249)	(3,874,947)
<b>Net Cash Provided by (Used for) Noncapital Financing Activities</b>	<b>(351,158)</b>	<b>(3,268,680)</b>	<b>(6,370,374)</b>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal Paid on Long-Term Debt	(515,000)	(1,155,000)	-
Interest Paid on Long-Term Debt	(635,981)	(849,662)	-
State Revolving Fund Loan Drawdown	-	43,384,861	-
Acquisition and Construction of Capital Assets	(1,031,847)	(55,100,923)	(63,834)
<b>Net Cash Used for Capital and Related Financing Activities</b>	<b>(2,182,828)</b>	<b>(13,720,724)</b>	<b>(63,834)</b>
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments	3,027,370	2,615,133	1,136,092
<b>Net Cash Provided by (Used For) Investing Activities</b>	<b>3,027,370</b>	<b>2,615,133</b>	<b>1,136,092</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>20,954,885</b>	<b>29,301,554</b>	<b>4,573,351</b>
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>46,666,269</b>	<b>42,915,120</b>	<b>17,922,772</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 67,621,154</b>	<b>\$ 72,216,674</b>	<b>\$ 22,496,123</b>
<b>Reconciliation to Statement of Net Position:</b>			
Cash and Investments Held by City	\$ 67,621,153	\$ 62,680,285	\$ 22,496,123
Cash and Investments Held by City - Restricted	-	9,536,387	-
Cash and Investments Held by Fiscal Agent and Trustee	1	2	-
<b>Total Cash and Investments</b>	<b>\$ 67,621,154</b>	<b>\$ 72,216,674</b>	<b>\$ 22,496,123</b>

See Accompanying Notes to the Basic Financial Statements


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Major Enterprise Funds				Governmental Activities	
SMaRT Station	Development	Golf and Tennis Operations	Total Enterprise Funds	Internal Service Funds	
\$ 28,298,150	\$ 22,400,903	\$ 3,402,758	\$ 237,494,990	\$ 1,200,066	
-	-	-	-	119,797,490	
-	(1,718,112)	(433,343)	(12,544,127)	-	
(26,900,249)	(4,532,592)	(2,491,329)	(118,649,409)	(13,095,333)	
(615,460)	(10,024,692)	(2,480,608)	(27,387,235)	(75,380,263)	
-	-	-	-	(29,972,137)	
782,441	6,125,507	(2,002,522)	78,914,219	2,549,823	
508,936	-	2,014,020	2,634,201	6,992,160	
-	(966,824)	(24,850)	(6,641,935)	(2,808,998)	
-	-	(112,049)	(112,049)	-	
-	-	-	(4,451,196)	-	
508,936	(966,824)	1,877,121	(8,570,979)	4,183,162	
(691,900)	-	-	(2,361,900)	-	
(12,900)	-	-	(1,498,543)	-	
-	-	-	43,384,861	-	
(2,374,682)	-	-	(58,571,286)	(7,750,929)	
(3,079,482)	-	-	(19,046,868)	(7,750,929)	
172,446	2,706,881	107	9,658,029	3,997,498	
172,446	2,706,881	107	9,658,029	3,997,498	
(1,615,659)	7,865,564	(125,294)	60,954,401	2,979,554	
6,366,433	50,325,280	185,779	164,381,653	87,700,784	
\$ 4,750,774	\$ 58,190,844	\$ 60,485	\$ 225,336,054	\$ 90,680,338	
\$ 4,750,774	\$ 58,190,844	\$ 60,485	\$ 215,799,664	\$ 85,915,263	
-	-	-	9,536,387	-	
-	-	-	3	4,765,075	
\$ 4,750,774	\$ 58,190,844	\$ 60,485	\$ 225,336,054	\$ 90,680,338	

Continued

**CITY OF SUNNYVALE**
**Statement of Cash Flows (Continued)**  
**Proprietary Funds**  
**Year Ended June 30, 2020**

	Major Enterprise Funds		
	Water Supply and Distribution	Wastewater Management	Solid Waste Management
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:</b>			
Operating Income (Loss)	\$ 15,239,857	\$ 32,634,008	\$ 7,660,358
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (Used For) Operating Activities:			
Depreciation	2,846,207	3,170,036	171,006
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:			
Receivables, Net	1,898,547	1,785,374	1,995,841
Intergovernmental Receivables	-	2,305	(81,239)
Inventories and Prepayments	5,595	176,546	-
Refundable Deposits	296,885	(75,959)	(77,350)
Accounts Payable and Accrued Liabilities	(273,228)	5,197,646	16,688
Unearned Revenue	-	-	-
Landfill Postclosure Care	-	-	114,347
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	-	-	-
Deferred Outflows Related to Pensions	98,737	(37,430)	(14,117)
Deferred Inflows Related to Pensions	(26,817)	(67,239)	(7,776)
Net Pension Liability	487,427	1,222,104	141,325
Deferred Outflows Related to OPEB	7,562	(32,460)	(13,003)
Deferred Inflows Related to OPEB	(76,399)	(191,592)	(22,171)
Net OPEB Liability	(42,872)	(107,514)	(12,442)
<b>Net Cash Provided by (Used For) Operating Activities</b>	<b>\$ 20,461,501</b>	<b>\$ 43,675,825</b>	<b>\$ 9,871,467</b>
<b>Noncash Investing, Capital and Financing Activities:</b>			
Change in the Fair Value of Investments	\$ 1,742,826	\$ 1,756,684	\$ 591,745
Purchase of Capital Assets on Account	37,163	6,253,286	-
Non Cash Capital Contributions	226,700	431,700	-

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		
\$ (1,810,123)	\$ 5,942,553	\$ (2,426,394)	\$ 57,240,259	\$ (4,464,933)		
2,280,372	3,160	252,712	8,723,493	2,493,033		
67,105	(44,346)	843	5,703,364	(104,516)		
759,082	-	112,049	792,197	-		
-	-	74,522	256,663	15,769		
-	-	-	143,576	1,200		
(539,615)	(711,321)	(203,090)	3,487,080	(3,044,761)		
-	-	893	893	-		
-	-	-	114,347	-		
-	-	-	-	8,000		
-	-	-	-	6,177,513		
(10,450)	158,628	18,347	213,715	268,882		
(3,218)	(60,702)	(13,987)	(179,739)	(93,192)		
58,483	1,103,301	254,223	3,266,863	1,693,480		
(4,959)	4,153	(10,462)	(49,169)	12,619		
(9,119)	(172,896)	(39,828)	(512,005)	(264,720)		
(5,117)	(97,023)	(22,350)	(287,318)	(148,551)		
<u>\$ 782,441</u>	<u>\$ 6,125,507</u>	<u>\$ (2,002,522)</u>	<u>\$ 78,914,219</u>	<u>\$ 2,549,823</u>		
\$ 123,685	\$ 1,494,940	\$ -	\$ 5,709,880	\$ 2,229,377		
140,208	-	-	6,430,657	-		
-	-	-	658,400	-		
				Concluded		

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## ***Fiduciary Fund Financial Statements***

***Fiduciary Funds*** are used to report assets held in a trust or agency 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).

***Agency Funds*** are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They are used to account for assets held in an agency capacity for others and therefore cannot be used to support the City's programs. The City's Agency 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, 2020**

	Other Postemployment Benefit Trust Fund	Private-Purpose Trust Funds	Agency Funds
<b>Assets:</b>			
Deposits and Investments in City Treasury Pool	\$ -	\$ 104,812	\$ 1,881,731
Deposits and Investments Outside of City Treasury Pool	-	3,997,463	2,118,794
Deposits and Investments with Fiscal Agent and Trustee:			
Cash and Cash Equivalents	253,157	652,794	267,790
Mutual Funds-Fixed Income	48,796,711	-	-
Mutual Funds-Equity	66,521,957	-	-
Guaranteed Investment Contract	-	-	1,748,140
Receivables	44	8,698,654	60,440
Capital Assets (Note 20):			
Land and Nondepreciable Assets	-	13,959,752	-
Total Assets	115,571,869	27,413,475	6,076,895
<b>Liabilities:</b>			
Accounts Payable and Accrued Liabilities	26,441	8,030	2,118,794
Accrued Interest Payable	-	31,277	-
Due to CFD Bondholders	-	-	3,958,101
Long-term Obligations (Note 20):			
Due Within One Year	-	3,524,938	-
Due in More Than One Year	-	38,370,868	-
Total Liabilities	26,441	41,935,113	6,076,895
<b>Net Position:</b>			
Restricted for Employee Benefits Other Than Pensions	115,545,428	-	-
Held in Trust for CFD No. 3	-	97,598	-
Held in Trust for Redevelopment Successor Agency	-	(14,619,236)	-
Total Net Position	\$ 115,545,428	\$ (14,521,638)	\$ -

See Accompanying Notes to the Basic Financial Statements



**CITY OF SUNNYVALE**
**Statement of Changes in Fiduciary Net Position  
Fiduciary Funds  
Year Ended June 30, 2020**

	<b>Other Postemployment Benefit Trust Fund</b>	<b>Private-Purpose Trust Funds</b>
<b>Additions:</b>		
<i>Contributions:</i>		
Employer Contributions - Direct	\$ 4,359,000	\$ -
Employer Contributions - Outside of OPEB Trust	6,118,114	-
Employer Contributions - Implied Subsidy	1,556,000	-
Property Owners	-	26,503
County Redevelopment Property Tax Trust Fund	-	3,535,246
<i>Investment Income:</i>		
Net Appreciation in Fair Value of Investments	3,826,369	45,633
Interest	5,060	-
Dividends	2,408,927	-
Investment Expenses	(148,798)	-
<b>Total Additions</b>	<b>18,124,672</b>	<b>3,607,382</b>
<b>Deductions:</b>		
Benefit Payments with Implied Subsidy	7,674,114	-
Projects Management	-	79,526
City Loan Interest Added to Loan Principal	-	726,205
Interest on Central Core Bonds	-	76,910
Fiscal Agent Trustee Fees	-	2,887
Administrative Expenses	-	72,280
<b>Total Deductions</b>	<b>7,674,114</b>	<b>957,808</b>
<b>Change in Net Position</b>	<b>10,450,558</b>	<b>2,649,574</b>
<b>Net Position, Beginning of Year</b>	<b>105,094,870</b>	<b>(17,171,212)</b>
<b>Net Position, End of Year</b>	<b>\$ 115,545,428</b>	<b>\$ (14,521,638)</b>

See Accompanying Notes to the Basic Financial Statements

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**CITY OF SUNNYVALE**

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**Notes to the Basic Financial Statements**  
**Fiscal Year Ended June 30, 2020**

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**CITY OF SUNNYVALE**

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***Notes to the Basic Financial Statements  
Fiscal Year Ended June 30, 2020***

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***Notes to the Basic Financial Statements***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

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

**Reporting Entity**

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

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

**Sunnyvale Financing Authority**

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

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

The Authority's governing board has the same members as those on the City Council. City staff performs all administrative and accounting functions for the Authority. The Authority's transactions are blended into the City's financial statements. Separately issued financial statements for the Authority can be obtained from the City website at [www.sunnyvale.ca.gov](http://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, 2020***

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**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 CFD No. 1 is a component unit of fiduciary nature. The City is not obligated in any manner for the debt of the CFD No. 1. A special tax is levied within the CFD No. 1 and collected according to the debt service schedule of the CFD No. 1 Special Tax Bonds. All financial transactions of the CFD No. 1 are accounted for in an agency fund under the fiduciary fund type.

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. CFD No. 3 is a component unit of fiduciary nature. All financial transactions of the CFD No. 3 are accounted for in a private-purpose trust fund under the fiduciary fund type.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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.

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.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

- The *Employment Development Special Revenue Fund* accounts for Federal funds and private grants and donations used for workforce development activities conducted by the North Valley Job Training Consortium (NOVA) on behalf of the cities of Sunnyvale, Mountain View, Cupertino, Los Altos, Palo Alto, Milpitas, and Santa Clara, and the County of San Mateo.

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.



*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

The following fund, though not quantitatively meeting the major fund criteria in this reporting year, have 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.
- *Fiduciary Funds:*  
The *Other Postemployment Benefit Trust Fund* accounts for resources that are 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.

The *Private-Purpose Trust Fund* accounts for resources held and administered under trust or similar arrangement for the benefits of individuals, private organizations, or other governments. The transactions of the Redevelopment Successor Agency and the Community Facilities District No. 3 are accounted for in the private-purpose trust fund.

Another fiduciary fund type used by the City is the *Agency Fund*, which accounts for resources held by the City in a purely custodial capacity. The activities typically include the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

The City uses the Agency Fund to report the transactions of the Community Facilities District No. 1, the Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP), and NOVAworks Foundation.

The SCVURPPP was formed by the cities in County of Santa Clara and the Santa Clara Valley Water District that discharge storm water into the San Francisco Bay.

NOVAworks Foundation, a nonprofit public benefit corporation (tax exempt), was established by the NOVA Workforce Board with the purpose of increasing and improving job training programs and opportunities within its service area and is funded with private donations. The City has entered into an agreement with NOVAworks to perform administrative and fiscal services.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

---

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

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.

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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as other financing sources.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

---

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

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 fiscal year 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, other postemployment benefit trust fund, and private-purpose trust funds are reported using the economic resources measurement focus and the accrual basis of accounting. The agency fund has no measurement focus but uses the accrual basis of accounting for reporting its assets and liabilities.

**Fair Value Measurements**

As defined in GASB Statement No. 72, *Fair Value Measurement and Application*, 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.

**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.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

In accordance with GASB Statement No. 40, *Deposit and Investment Disclosures (Amendment of GASB No. 3)*, 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

The City reports its investments in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended. 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 (Local Agency Investment Fund—not qualified as a 2a7-like external investment pool in the reporting year) at the fair value per share of the pool's underlying portfolio as specified by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. All other investments stated at fair value are also presented in accordance with the fair value hierarchy as specified by GASB Statement No. 72, *Fair Value Measurement and Application*.

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, 2020***

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

**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 (currently earning rental income), which cost \$1,381,077 at the time, 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, 2020***

---

**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, 2020*****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:

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

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

**Deferred Outflows and Inflows of Resources**

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

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

The City reports the following deferred items:

**Gain or Loss on Refunding:**

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

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

These deferred items are recognized and measured in financial statements prepared using the economic resources measurement focus and the accrual basis of accounting. The deferral is for changes in the net pension or OPEB liability that are not included in pension or OPEB expense and must be amortized in a systematic and rational manner over a closed period depending on cause beginning with the current period. These causes may include changes of future economic and demographic assumptions or other inputs, differences between expected and actual experience with regard to economic or demographic factors, and differences between projected and actual earnings on pension and OPEB plan investments.

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

Unavailable Revenue:

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

Imposed Nonexchange Revenue:

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

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

**Service Concession Arrangement**

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

Lifetime has agreed to pay the City installment payments over the course of the arrangement; the present value of the remaining installment payments is estimated to be \$1,751,468, 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, 2020, the present value of the City's maintenance obligation is estimated to be \$1,555,920 reported as a service concession arrangement maintenance liability.

The difference between the present value of the installments receivable and maintenance obligations was \$195,548, which was reported as deferred inflows of resources in the Golf and Tennis Operations Enterprise Fund.



*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Unearned Revenue**

In the government-wide financial statements, unearned revenue is recognized for transactions for which revenue has not yet been earned. Typical transactions for which unearned revenue is recorded are unearned grant revenues and prepayments from customers.

**Noncurrent Liabilities**

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

Government-Wide 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.

Fund Financial Statements

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

**Pensions**

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

**Postemployment Benefits Other Than Pensions (OPEB)**

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

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Fund Balance Policies**

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

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

The restricted fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors), laws and regulations of other governments, or through enabling legislation.

The 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 expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

**Fund Balance Flow Assumptions**

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

**Net Position Flow Assumptions**

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

**Use of Estimates**

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

**Program Revenues**

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

**Property Tax Revenue**

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

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

The County of Santa Clara (County) assesses properties and distributes property taxes to the City. Liens for property taxes attach on January 1 preceding the fiscal year for which taxes are levied. Taxes are levied on property as it exists on January 1. Secured property taxes are due in two installments on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, and a 10% penalty attaches to any delinquent payments. If delinquent taxes are paid prior to June 30, the County receives the 10% penalty. For delinquencies paid after June 30, the City receives the penalty revenue. Unsecured property tax is disbursed in July and are due upon receipt and become delinquent after August 31. A 10% penalty attaches to delinquent unsecured tax. If unsecured tax remains unpaid on October 31, an additional 1.5% attaches to it on the first day of each month until paid. The term "unsecured" refers to taxes on property not secured by liens on real property. The City has elected not to participate in the "Teeter Plan" offered by the County, thereby retaining the right to any interest and penalties collected on the related delinquent taxes. Collection of property tax is the responsibility of the County.

**Compensated Absences**

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

**Proprietary Funds Operating and Nonoperating Revenues and Expenses**

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

**The Effects of New Pronouncements**

As of July 1, 2019, the City implemented the following GASB Statement:

In May 2020, the GASB issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. The Statement provided relief to governments and other stakeholder in light of the COVID-19 pandemic by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for period beginning after June 15, 2018, and later. Implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2020.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement provides recognition and measurement guidance for situations in which a government is a beneficiary of these agreements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2021.

In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the City's fiscal year ending June 30, 2022.

In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No.14 and No.61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the City's fiscal year ending June 30, 2021.

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

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practices issues that have been identified during implementation and application of certain GASB Statements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2023.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued**

In March 2020, the GASB issued Statement No. 93, *Replacement of Interbank Offered Rates*. The objectives of this statement are to assist state and local government in the transition away from existing interbank offered rates (IBORs), including the London Interbank Offered Rate (LIBOR) to other reference rates. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2022.

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

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The objectives of this statement are to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA) for government end users. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2023.

In June 2020, the GASB issued Statement No. 97, *Certain Component Units Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The objectives of this statement are 1) to increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigate cost associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans; 3) enhance the relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2023.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

## 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 \$44,930,000, one of the internal service funds, Property and Liability Insurance Fund, had a deficit net position of \$1,925,393 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 \$14,521,638 in the Private Purpose Trust Fund was the combined total of the Community Facility District (CFD) No. 3 positive net position of \$97,598 and the RSA negative net position of \$14,619,236. The RSA has significant non-current liabilities which can only be liquidated by future receipts from the Redevelopment Property Tax Trust Fund (RPTTF) determined by the State of California and distributed by the County. Note 20 provide detailed explanation of those liabilities.

## NOTE 3 – DEPOSITS AND INVESTMENTS

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

### Summary of Deposits and Investments

	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	\$ 287,147,436	\$ 215,799,664	\$ 502,947,100	
Restricted Deposits and Investments:				
Held by the City	269,766,758	9,536,387	279,303,145	
Held by the Fiscal Agent and Trustee	7,271,852	3	7,271,855	
<b>Total Government-Wide Deposits and Investments</b>	<b>\$ 564,186,046</b>	<b>\$ 225,336,054</b>	<b>\$ 789,522,100</b>	
Deposits and Investments in City Treasury Pool				\$ 1,986,543
Deposits and Investments Outside of City Treasury Pool				6,116,257
Deposits and Investments Held by the Fiscal Agent and Trustee				118,240,549
<b>Total Fiduciary Deposits and Investments</b>				<b>\$ 126,343,349</b>

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 3 – DEPOSITS AND INVESTMENTS**

**Deposits and Cash on Hand in the City Treasury Pool**

The carrying amount of the cash and deposits in the City pool totaled \$8,166,647 at June 30, 2020. Bank balances before reconciling items (i.e., deposits in transit and outstanding checks) were \$9,799,650, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City's name.

**Investments**

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

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

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



*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**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	30% *	5% *
Federally Insured Bank Deposits	1 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, 2020*

**NOTE 3 – DEPOSITS AND INVESTMENTS, Continued**

The City had the following recurring fair value measurements as of June 30, 2020:

<b>Investments</b>	<b>Balance at June 30, 2020</b>	<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>
<b>City Treasury Pooled Investments</b>			
Investments Subject to Fair Value Hierarchy:			
U.S. Treasury Securities	\$ 174,006,594	\$ -	\$ 174,006,594
Medium Term Corporate Notes	163,371,383	-	163,371,383
Federal Agency Securities	214,832,355	-	214,832,355
Municipal Bonds	13,810,473	-	13,810,473
Supranational	19,254,122	-	19,254,122
ABS - Asset Back Securities	46,675,837	-	46,675,837
CMO - Collateralized Mortgage Obligations	43,942,798	-	43,942,798
Money Market Fund	25,511,889	25,511,889	-
Investments Subject to Fair Value Hierarchy	701,405,451	<u>\$ 25,511,889</u>	<u>\$ 675,893,562</u>
<b>Investments Not Subject to Fair Value Hierarchy:</b>			
Local Agency Investment Funds	74,664,690		
<b>Total City Treasury Pooled Investments*</b>	<u>\$ 776,070,141</u>		
<b>City Investments Held by Fiscal Agent and Trustee</b>			
Corporate Discount Note	\$ 1,188,845	\$ -	\$ 1,188,845
Corporate Commercial Paper	1,306,284	-	1,306,284
Investments Subject to Fair Value Hierarchy	2,495,129	<u>\$ -</u>	<u>\$ 2,495,129</u>
<b>Investments Not Subject to Fair Value Hierarchy:</b>			
Cash Equivalent Mutual Funds/Accounts	23,496		
Open-End Mutual Funds (Fixed Income/Equity)	4,753,230		
<b>Total Investments Held by Fiscal Agent and Trustee</b>	<u>\$ 7,271,855</u>		
<b>Fiduciary Fund Investments Outside of City Treasury Pool</b>			
<b>Investments Not Subject to Fair Value Hierarchy:</b>			
Local Agency Investment Funds	\$ 3,997,463		
Cash Equivalent Mutual Funds/Accounts	2,118,794		
	<u>\$ 6,116,257</u>		
<b>Fiduciary Fund Investments Held by Fiscal Agent</b>			
<b>Investments Not Subject to Fair Value Hierarchy:</b>			
Cash Equivalent Mutual Funds/Accounts	\$ 523,284		
Local Agency Investment Funds	650,457		
Open-End Mutual Funds (Fixed Income/Equity)	115,318,668		
Guaranteed Investment Contract	1,748,140		
<b>Fiduciary Fund Investments with Fiscal Agent</b>	<u>\$ 118,240,549</u>		

\* The City Treasury included \$1,986,543 of Fiduciary Fund's deposits and investments.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

### 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:

	<u>Credit Ratings S&amp;P/Moody's</u>	<u>Fair Value</u>	<u>Total</u>
<b>City Treasury Pooled Cash and Investments</b>			
Bank Deposits and Cash on Hand			\$ 8,166,647
Investments:			
Corporate Notes:			
American Honda	A- / A3	\$6,541,382	
Apple	AA+ / Aa1	3,065,400	
Bank of America Corp	A- / A2	8,883,074	
Bank of NY Mellon	A / A1	7,609,276	
Berkshire Hathaway	AA / Aa2	4,481,853	
Caterpillar Fini Service Note	A A3	9,360,525	
Charles Schwab Corp	A / A2	5,868,151	
Chubb INA Holdings Inc	A / A3	6,003,865	
General Dynamics Corp	A / A2	5,217,748	
General Electric	BBB+ / Baa1	2,016,016	
John Deere Capital	A / A2	6,658,590	
Johnson & Jonson	AAA / Aaa	4,017,780	
JP Morgan Chase & Co	A- / A2	8,024,877	
MicroSoft	AAA / Aaa	5,869,988	
Oracle Corp	A / A3	7,119,630	
Paccar Financial	A+ / A1	7,026,862	
PNC Bank	A / A2	5,852,634	
State Street Bank	A / A1	4,986,564	
Toyota Motor	A+ / A1	6,958,373	
US Bank	AA- / A1	10,019,565	
Visa Inc	AA- / Aa3	4,026,352	
Wal-Mart Stores	AA / Aa2	7,162,588	
HSBC Holdings PLC (Foreign Corporate)	A- / A2	9,613,203	
Royal Bank of Canada (Foreign Corporate)	AA- / Aa2	9,887,204	
Toronto Dominion Bank (Foreign Corporate)	AAAA- / Aa1	7,099,883	
Total Corporate & Foreign Corporate Notes			163,371,383
			(continued)

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**NOTE 3 – DEPOSITS AND INVESTMENTS, Continued**

	<b>Credit Ratings S&amp;P/Moody's</b>	<b>Fair Value</b>	<b>Total</b>
<b>Government Sponsor Enterprise, Asset Backed, Municipal, Money Market &amp; Supranational Organizations</b>			
ABS (Honda Auto and John Deere)	NR / Aaa	\$ 18,828,539	
ABS (Nissan Auto, Honda Auto and Toyota Auto)	AAA / Aaa	23,100,276	
ABS (Honda Auto Receivables Owner 2019-1A2 and Verizon)	AAA / NR	4,747,022	
CMO (FHLMC)	AAA / Aaa	43,942,798	
Money Market Fund	AAA / Aaa	25,511,889	
Municipal Bonds (Lincon RDA and San Jose RDA)	AA / NR	1,001,110	
Municipal Bonds (State of CA)	AA- / Aa2	8,035,120	
Municipal Bonds (State of CA Taxable GO)	AA- / Aa2	4,774,243	
Supranational Securities (IBRD, IFC, IADB)	AAA / Aaa	10,066,900	
Supranational (Inter-American Dev Bank)	NR / NR	9,187,222	
Federal Farm Credit Bank	AA+ / Aaa	7,219,247	
Fedral Home Loan Bank	AA+ / Aaa	128,696,060	
Fedral Home Loan Mortgage Corporation	AA+ / Aaa	26,426,788	
Fedral National Mortgage Association	AA+ / Aaa	52,490,260	
Total Government Sponsor Enterprise, Asset Backed, Municipal, Money Market & Supranational Organizations			364,027,474
US Treasuries Securities	Not Required		174,006,594
Local Agency Investment Funds	Not Rated		74,664,690
<b>Total City Pooled Cash and Investments</b> (including \$1,986,543 from Fiduciary Funds)			<b>\$ 784,236,788</b>
	<b>Credit Ratings S&amp;P/Moody's</b>	<b>Fair Value</b>	<b>Total</b>
<b>City Cash and Investments with Fiscal Agent and Trustee</b>			
Toyota Motor Credit Corp Discount Note	A+/A1	\$ 1,188,845	
Toyota Motor Credit Corp Commerical Paper	A+/A1	1,306,284	
Cash Equivalent Mutual Funds/Accounts	Not Rated	23,496	
Open-Ended Mutual Funds (Fixed Income/Equity)	Not Rated	4,753,230	
<b>Total City Cash and Investments with Fiscal Agent and Trustee</b>			<b>\$ 7,271,855</b>
<b>Fiduciary Funds Cash and Investments Outside of City Treasury Pool</b>			
Local Agency Investment Funds	Not Rated	\$ 3,997,463	
Cash Equivalent Mutual Funds/Accounts	Not Rated	2,118,794	
<b>Total Fiduciary Fund Deposits and Investments not in the City Treasury Pool</b>			<b>\$ 6,116,257</b>
<b>Fiduciary Funds Cash and Investments Held by Fiscal Agent and Trustee</b>			
Cash Equivalent Mutual Funds/Accounts	Not Rated	\$ 523,284	
Local Agency Investment Funds	Not Rated	650,457	
Open-End Mutual Funds (Fixed Income/Equity)	Not Rated	115,318,668	
Guaranteed Investment Contracts	Not Rated	1,748,140	
<b>Total Fiduciary Funds Cash and Investments Held by Fiscal Agent and Trustee</b>			<b>\$ 118,240,549</b>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**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, 2020 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
<b>Investments Held by the City</b>					
Corporate Notes:					
American Honda Finance	\$ -	\$ -	\$ 6,541,382	\$ -	\$ 6,541,382
Apple	3,065,400	-	-	-	3,065,400
Bank of America	-	-	8,883,074	-	8,883,074
Bank of NY Mellon	-	-	7,609,276	-	7,609,276
Berkshire Hathaway	-	-	4,481,853	-	4,481,853
Caterpillar Fini Service Note	-	-	9,360,525	-	9,360,525
Charles Schwab	-	-	5,868,151	-	5,868,151
Chubb INA Holdings Inc	6,003,865	-	-	-	6,003,865
General Dynamics	5,217,748	-	-	-	5,217,748
General Electric	2,016,016	-	-	-	2,016,016
John Deere Capital	-	-	6,658,590	-	6,658,590
Johnson & Jonson	4,017,780	-	-	-	4,017,780
JP Morgan Chase & Co	-	-	8,024,877	-	8,024,877
MicroSoft	3,842,608	2,027,380	-	-	5,869,988
Oracle Corp	-	7,119,630	-	-	7,119,630
Paccar Financial Corp	-	-	7,026,862	-	7,026,862
PNC Bank	-	-	5,852,634	-	5,852,634
State Street Bank	4,986,564	-	-	-	4,986,564
Toyota Motor Credit Corp	-	6,958,373	-	-	6,958,373
US Bank	-	-	10,019,565	-	10,019,565
Visa Inc	4,026,352	-	-	-	4,026,352
Wal-Mart Stores	-	-	7,162,588	-	7,162,588
HSBC Holdings PLC	-	-	9,613,203	-	9,613,203
Royal Bank of Canada	6,644,018	-	3,243,186	-	9,887,204
Toronto Dominion Bank	-	-	7,099,883	-	7,099,883
ABS (Asset Back-Securities)	-	3,431,714	43,244,123	-	46,675,837
CMO (FHLMC)	3,535,789	-	40,407,009	-	43,942,798
Money Market Fund FI	25,511,889	-	-	-	25,511,889
Municipal Bonds	9,036,230	-	4,774,243	-	13,810,473
Supranational Securities	14,092,152	-	5,161,970	-	19,254,122
Federal Farm Credit Bank	4,062,632	-	3,156,615	-	7,219,247
Federal Home Loan Bank	35,786,992	13,450,877	67,865,631	11,592,560	128,696,060
Federal Home Loan Mortgage Corporation	4,014,228	-	22,412,560	-	26,426,788
Federal National Mortgage Association	4,004,428	8,386,000	40,099,832	-	52,490,260
U.S. Treasuries Securities	35,661,353	17,473,745	120,871,496	-	174,006,594
Local Agency Investment Funds	74,664,690	-	-	-	74,664,690
Total	\$ 250,190,734	\$ 58,847,719	\$ 455,439,128	\$ 11,592,560	\$ 776,070,141

(continued)

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2020**

**NOTE 3 – DEPOSITS AND INVESTMENTS, Continued**

	Maturity (in years)				Total
	1 year or less	1 to 2 years	2 to 5 years	5 to 10 years	Fair Value
City Investments Held by Fiscal Agent and Trustee					
Toyota Motor Credit Corp Discount Note	\$ 1,188,845	\$ -	\$ -	\$ -	\$ 1,188,845
Toyota Motor Credit Corp Commerical Paper	1,306,284	-	-	-	1,306,284
Cash Equivalent Mutual Funds/Accounts	23,496	-	-	-	23,496
Open-Ended Mutual Funds (Fix Income)	2,469,756	-	-	-	2,469,756
Open-Ended Mutual Funds (Equity)	2,283,474	-	-	-	2,283,474
Total	<u>\$ 7,271,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,271,855</u>
Local Agency Investment Funds					
Fiduciary Fund Investments Outside of City Treasury Pool					
Local Agency Investment Funds	\$ 3,997,463	\$ -	\$ -	\$ -	\$ 3,997,463
Cash Equivalent Mutual Funds/Accounts	2,118,794	-	-	-	2,118,794
Total	<u>\$ 6,116,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,116,257</u>
Fiduciary Fund Investments Held by Fiscal Agent and Trustee					
Cash Equivalent Mutual Funds/Accounts	\$ 523,284	\$ -	\$ -	\$ -	\$ 523,284
Local Agency Investment Funds	650,457	-	-	-	650,457
Open-End Mutual Funds (Fixed Income)	48,796,711	-	-	-	48,796,711
Open-End Mutual Funds (Equity)	66,521,957	-	-	-	66,521,957
Guaranteed Investment Contracts	-	-	-	1,748,140	1,748,140
Total	<u>\$ 116,492,409</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,748,140</u>	<u>\$ 118,240,549</u>
(concluded)					

(concluded)

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

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

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2020****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, 2020, investments in the following issuers represented 5% or more of investments in the City Treasury pool and investments held by fiscal agents for the City.

<b>Issuer</b>	<b>Amount</b>
Federal Home Loan Bank	\$ 128,696,060
Federal National Mortgage Association	52,490,260
Collateralized Mortgage Obligations-FHLMC	43,942,798
Total	<u>\$ 225,129,118</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](http://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, 2020*

**NOTE 3 – DEPOSITS AND INVESTMENTS, Continued**

According to the LAIF Performance Report for the quarter ending June 30, 2020, the weighted average life of the securities in the pooled investment program administered by the State Treasurer's Office was 191 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, 2020, by multiplying its account balance with LAIF by the fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants' total aggregate fair value by total aggregate amortized cost resulting in a factor of 1.004912795.

LAIF is part of the State's Pooled Money Investment Account (PMIA). The total balance of the PMIA is approximately \$101.0 billion as of June 30, 2020. Of that amount, 96.6% was invested in nonderivative financial products and 3.4% in structured notes and asset backed securities.

**NOTE 4 – RECEIVABLES**

**Government Wide Financial Statements**

At June 30, 2020, the government-wide financial statements show the following current receivables net of allowances for uncollectible amounts:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
<b>Unrestricted:</b>			
Accounts	\$ 920,819	\$ 18,313,558	\$ 19,234,377
Taxes	5,965,213		5,965,213
Interest	1,589,212	908,117	2,497,329
Other	972,189	18,527	990,716
Allowance	(116,611)	(503,753)	(620,364)
Total Unrestricted	9,330,822	18,736,449	28,067,271
<b>Restricted:</b>			
Accounts	25,751	-	25,751
Interest	1,205,136	-	1,205,136
Other	12,566	-	12,566
Total Restricted	1,243,453	-	1,243,453
Total Current Receivables, Net	\$ 10,574,275	\$ 18,736,449	\$ 29,310,724



*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**NOTE 4 – RECEIVABLES, Continued**

**Fund Financial Statements**

At June 30, 2020, 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
<b>Governmental Funds:</b>						
General	\$ 946,569	\$ 5,965,213	\$ 810,900	\$ 761,144	\$ (116,611)	\$ 8,367,215
Housing	-	-	316,741	550	-	317,291
Park Dedication	-	-	538,885	-	-	538,885
Employment Development	-	-	-	11,338	-	11,338
City Projects	-	-	255,598	-	-	255,598
Infrastructure Renovation and Replacement	-	-	420,682	-	-	420,682
Nonmajor Governmental	-	-	82,511	925	-	83,436
<b>Total Governmental Funds</b>	<u>\$ 946,569</u>	<u>\$ 5,965,213</u>	<u>\$ 2,425,317</u>	<u>\$ 773,957</u>	<u>\$ (116,611)</u>	<u>\$ 9,994,445</u>
<b>Proprietary Funds:</b>						
Water Supply and Distribution	\$ 7,751,881	\$ -	\$ 300,695	\$ 46,122	\$ (154,914)	\$ 7,943,784
Wastewater Management	5,076,836	-	204,674	3,544	(257,389)	5,027,665
Solid Waste Management	5,379,256	-	121,365	8,553	(91,450)	5,417,724
SMART Station	-	-	10,056	-	-	10,056
Development	60,573	-	271,327	-	-	331,900
Golf and Tennis Operations	-	-	-	5,320	-	5,320
Internal Service Funds	-	-	369,032	210,798	-	579,830
<b>Total Proprietary Funds</b>	<u>\$ 18,268,546</u>	<u>\$ -</u>	<u>\$ 1,277,149</u>	<u>\$ 274,337</u>	<u>\$ (503,753)</u>	<u>\$ 19,316,279</u>
<b>Fiduciary Funds:</b>						
OPEB Trust Fund	\$ -	\$ -	\$ -	\$ 44	\$ -	\$ 44
Private-Purpose Trust Funds	-	-	9,573	8,689,081	-	8,698,654
Agency Funds	-	-	52,534	7,906	-	60,440
<b>Total Fiduciary Funds</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,107</u>	<u>\$ 8,697,031</u>	<u>\$ -</u>	<u>\$ 8,759,138</u>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

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**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, 2020, the City had intergovernmental receivables in the following major funds and nonmajor funds in the aggregate:

<i>Governmental Activities:</i>	
<i>Governmental Funds:</i>	
General Fund	\$ 1,754,932
Employment Development Special Revenue Fund	1,042,537
City Projects Fund	2,353,007
Nonmajor Funds	<u>2,703,258</u>
<b>Total Governmental Activities</b>	<b><u>\$ 7,853,734</u></b>
<i>Business-Type Activities:</i>	
Wastewater Management Enterprise Fund	\$ 79,420
Solid Waste Management Enterprise Fund	282,174
SMaRT Station Enterprise Fund	<u>107,552</u>
<b>Total Business-Type Activities</b>	<b><u>\$ 469,146</u></b>

**NOTE 6 – LONG-TERM RECEIVABLES FROM EMPLOYEES**

In 1981, the City Council established a mortgage loan program for Council-appointed officers and department heads. The program was designed to keep the cost of housing from limiting the number of qualified applicants for senior executive positions. All loans are secured by a deed of trust, carry interest at rates ranging from 0.65% to 1.38%, and have repayment terms ranging from 30 to 45 years. At June 30, 2020, the City had four loans to City employees in the amount of \$1,730,251 and \$1,584,948 reported under the General Fund and the Employee Payroll & Benefits Internal Service Fund, respectively, which totaled to \$3,315,199.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**NOTE 7 – HOUSING LOANS RECEIVABLE***Governmental Activities:*

<b>Maturity Date Year Ending June 30,</b>	<b>Community Development Block Grant</b>	<b>HOME Grant</b>	<b>Housing Mitigation</b>	<b>Other Housing</b>	<b>Total</b>
2021	\$ 326,072	\$ -	\$ -	\$ -	\$ 326,072
2022	46,437	-	-	-	46,437
2023	160,705	-	-	-	160,705
2024	55,954	1,618,019	-	-	1,673,973
2025	-	-	-	-	-
2026-2030	1,581,786	-	-	-	1,581,786
2031-2035	1,046,101	1,933,310	1,126,036	-	4,105,447
2036-2040	2,627,212	46,983	143,718	520,600	3,338,513
2041-2045	5,027,878	2,956,901	2,484,066	-	10,468,845
2046-2050	328,825	1,094,806	861,650	421,503	2,706,784
2056-2060	832,814	617,763	1,053,365	-	2,503,942
2061-2065	71,136	267,792	-	-	338,928
2066-2070	128,422	-	14,482,578	-	14,611,000
2071-2075	-	4,165,694	13,500,957	-	17,666,651
2076	-	653,714	8,154,272	-	8,807,986
Due Upon Sale or Transfer of Property	535,438	-	-	-	535,438
	12,768,780	13,354,982	41,806,642	942,103	68,872,507
Less: Allowance for Uncollectibles	(255,376)	(267,100)	(836,133)	(18,842)	(1,377,451)
<b>Housing Loans Receivables, Net at June 30, 2020</b>	<b>\$ 12,513,404</b>	<b>\$ 13,087,882</b>	<b>\$ 40,970,509</b>	<b>\$ 923,261</b>	<b>\$ 67,495,056</b>

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, 2020*

**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, 2020, unearned revenues were as follows:

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
Prepayments Received for :			
Grant and fee Revenue	\$ 27,300	\$ 378,148	\$ 405,448
Use of City Property	-	30,647	30,647
Armory Ground Lease	6,865,557	-	6,865,557
<b>Total</b>	<b>\$ 6,892,857</b>	<b>\$ 408,795</b>	<b>\$ 7,301,652</b>

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 8 – UNEARNED REVENUES, Continued**

**Armory Ground Lease**

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

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

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

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

The lump sum lease payment of \$7.4 million was received at the inception of the lease (January 1, 2014) by the General Fund. During fiscal year 2019/20, revenue recognized was \$82,222 and the remaining balance of \$6,865,557 was recorded as unearned revenue, to be recognized as revenue proportionately as use of the property continues in subsequent years.

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

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

## NOTE 9 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

### Government-Wide Financial Statements

	Governmental	Business-Type
Deferred Outflows of Resources	Activities	Activities
Deferred Outflows of Resources Related to Pensions	\$ 45,699,250	\$ 7,491,048
Deferred Outflows of Resources Related to OPEB	12,648,532	2,807,662
Total Deferred Outflows of Resources	<u>\$ 58,347,782</u>	<u>\$ 10,298,710</u>

	Governmental	Business-Type
Deferred Inflows of Resources	Activities	Activities
Imposed Nonexchange Revenue:		
Business License Tax Received for Next Period	\$ 894,643	\$ -
Gain on Debt Refunding	-	117,723
Service Concession Arrangement	-	195,548
Deferred Inflows of Resources Related to Pensions	6,171,865	812,031
Deferred Inflows of Resources Related to OPEB	9,840,111	2,221,153
Total Deferred Inflows of Resources	<u>\$ 16,906,619</u>	<u>\$ 3,346,455</u>

### Fund Financial Statements

At June 30, 2020, the following items were recorded in the governmental fund financial statements as deferred inflows of resources because the funds were not available to finance expenditures of the current period:

	General	Housing	Employment	Capital	Nonmajor	Total
	Fund	Special	Development	Projects	Governmental	
		Revenue	Special			
			Revenue			
Interest - Interfund Advances	\$18,941,986	\$ -	\$ -	\$ -	\$ -	\$18,941,986
Interest on Loans to City Employees	94,679	-	-	-	-	94,679
Capital Special Assessments	15,742	-	-	-	-	15,742
Administrative Citations on Tax Roll	44,400	-	-	-	-	44,400
Proposition 172 Revenue	145,379	-	-	-	-	145,379
Intergovernmental Cost Reimbursements	1,335,100	-	-	-	-	1,335,100
Interest - Housing Loans	-	3,109,931	-	-	6,346,173	9,456,104
Unavailable Grant Revenues	278,250	-	3,000	1,550,249	148,047	1,979,546
Business License Tax Revenue	894,643	-	-	-	-	894,643
Total	<u>\$21,750,179</u>	<u>\$ 3,109,931</u>	<u>\$ 3,000</u>	<u>\$ 1,550,249</u>	<u>\$ 6,494,220</u>	<u>\$32,907,579</u>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**NOTE 10– INTERNAL BALANCES/INTERFUND BALANCES****Government-Wide Financial Statements**

Internal Balances consist of the following items:

<b>Internal Balances</b>	<b>Amount</b>
Outstanding Advances to/from balances between Governmental and Business-Type Activities	\$ 18,941,986
Amount owed by Business-Type Activities for internal service fund activities	(2,597,955)
<b>Total</b>	<b>\$ 16,344,031</b>

**Fund Financial Statements****Due to/from Other Funds**

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

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Employment Development	\$ 488,384
	Nonmajor Governmental	1,904,403
	<b>Total</b>	<b>\$ 2,392,787</b>

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:

<b>Receivable Fund</b>	<b>Payable Fund</b>	<b>Amount</b>
General Fund	Wastewater Management	\$ 6,336,780
	Solid Waste Management	12,605,206
	<b>Subtotal General Fund</b>	<b>18,941,986</b>
Wastewater Management	Solid Waste Management	629,475
	<b>Total</b>	<b>\$ 19,571,461</b>

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 10 – INTERNAL BALANCES/INTERFUND BALANCES, Continued**

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

During the fiscal year ended June 30, 1981, the General Fund advanced to the Wastewater Management Fund \$10,700,000 for the purpose of remodeling the primary facilities of the wastewater treatment plant and expanding the plant capacity from 22.5 million gallons per day to 29.5 million gallons per day. During fiscal year 1996, the General Fund advanced an additional \$2,453,635 to the Wastewater Management Fund for cash flow purposes. Starting from fiscal year 2018, the interest rate charged to the Wastewater Management Fund on advances reduces from 7% to rates ranging from 1.25% to 3%. During the current fiscal year, repayment of \$980,994 was made to the General Fund. Annual repayments are budgeted as follows: \$949,615 annually from fiscal year 2021 to fiscal year 2026, and \$639,090 in 2027 to pay off the remaining balance. At June 30, 2020, total loan balance was \$6,336,780.

During fiscal years ended June 30, 1985, 1988 and 1989, the General Fund advanced to the Solid Waste Management Fund a total of \$3,680,000 to construct and operate a system to convert methane gas to a marketable form of energy. Between fiscal years 1995 and 1999, the General Fund advanced a total of \$10,505,152 to the Solid Waste Management Fund for the purpose of stabilizing the rates charged to utility customers in the long run. Starting from fiscal year 2018, the interest rate charged to the Solid Waste Management Fund on advances reduces from 7% to rates ranging from 1.25% to 3%. During the fiscal year, repayment of \$3,154,995 was made to the General Fund. Annual repayments are budgeted as follows: \$3,470,202 annually from fiscal year 2021 to fiscal year 2023, and \$2,194,600 in 2024 to pay off the remaining balance. At June 30, 2020, total loan balance was \$12,605,206.

During the fiscal year ended June 30, 2012, the Wastewater Management Fund advanced to the Solid Waste Management Fund \$2,000,000 for the purpose of alleviating cash flow issues. Starting from fiscal year 2018, the interest rate charged to the Wastewater Management Fund on advances reduced from 4.5% to rates ranging from 1.25% to 3%. Repayments are budgeted as \$404,744 for fiscal year 2021, and \$224,731 in 2022 to pay off the remaining balance. At June 30, 2020, total loan balance was \$629,475.



*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

## NOTE 11 – CAPITAL ASSETS

### Modified Approach for Street Pavement System

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

### Donated Capital Assets

During this fiscal year, the City accepted developers' capital asset contributions with estimated acquisition value approximating \$2.2 million for governmental activities and \$0.7 million for business-type activities.

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

	Balance July 1, 2019	Additions	Retirements	Transfers	Balance June 30, 2020
<b>Nondepreciable Assets:</b>					
Land	\$ 116,410,941	\$ 26,883,429	\$ -	\$ 300,100	\$ 143,594,470
Construction in Progress	32,593,298	24,889,501	-	(12,346,766)	45,136,033
Infrastructure - Streets	165,929,016	1,730,100	-	-	167,659,116
<b>Total Nondepreciable Assets</b>	<b>314,933,255</b>	<b>53,503,030</b>	<b>-</b>	<b>(12,046,666)</b>	<b>356,389,619</b>
<b>Depreciable Assets:</b>					
Buildings and Structures	115,447,364	49,912	-	6,643,503	122,140,779
Improvements Other than Buildings	139,050,694	2,938,803	-	2,860,788	144,850,285
Machinery and Equipment	46,716,199	4,139,485	-	546,577	51,402,261
Infrastructure	91,068,914	828,667	-	1,995,798	93,893,379
<b>Total Depreciable Assets</b>	<b>392,283,171</b>	<b>7,956,867</b>	<b>-</b>	<b>12,046,666</b>	<b>412,286,704</b>
<b>Accumulated Depreciation:</b>					
Buildings and Structures	(65,160,681)	(2,746,964)	-	-	(67,907,645)
Improvements Other than Buildings	(58,230,974)	(4,446,957)	-	-	(62,677,931)
Machinery and Equipment	(29,780,015)	(3,088,027)	-	-	(32,868,042)
Infrastructure	(66,242,466)	(1,431,323)	-	-	(67,673,789)
<b>Total Accumulated Depreciation</b>	<b>(219,414,136)</b>	<b>(11,713,271)</b>	<b>-</b>	<b>-</b>	<b>(231,127,407)</b>
<b>Depreciable Assets, Net</b>	<b>172,869,035</b>	<b>(3,756,404)</b>	<b>-</b>	<b>12,046,666</b>	<b>181,159,297</b>
<b>Total Governmental Activities Capital Assets, Net</b>	<b>\$ 487,802,290</b>	<b>\$ 49,746,626</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 537,548,916</b>

During the year ended June 30, 2020, the City's governmental activities purchased land with book value of \$26.9 million including a property of \$13.5 million at 1178 Sonora Court. The City's governmental activities also expended \$24.9 million for construction in progress including \$9.7 million for the design and pre-construction cost for the new Civic Center during the year.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**NOTE 11 – CAPITAL ASSETS, Continued**

Governmental activities' depreciation expense for capital assets for the year ended June 30, 2020, are as follows:

Planning and Management	\$ 959,880
Public Safety	928,332
Community Development	1,811,168
Transportation	3,884,186
Socioeconomic	265,806
Cultural	1,148,579
Environmental Management	222,287
Internal Service Funds	<u>2,493,033</u>
<b>Total Depreciation Expense</b>	<b><u>\$ 11,713,271</u></b>

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

	<b>Balance June 30, 2019</b>	<b>Additions</b>	<b>Retirements</b>	<b>Transfers</b>	<b>Balance June 30, 2020</b>
<b>Nondepreciable Assets:</b>					
Land	\$ 16,469,169	\$ -	\$ -	\$ -	\$ 16,469,169
Construction in Progress	99,549,914	52,441,923	-	(1,343,030)	150,648,807
<b>Total Nondepreciable Assets</b>	<u>116,019,083</u>	<u>52,441,923</u>	<u>-</u>	<u>(1,343,030)</u>	<u>167,117,976</u>
<b>Depreciable Assets:</b>					
Buildings and Structures	23,437,545	-	-	-	23,437,545
Improvements Other than Buildings	45,222,387	-	-	172,567	45,394,954
Machinery and Equipment	7,841,659	375,575	-	-	8,217,234
Infrastructure	203,668,405	2,826,302	-	1,170,463	207,665,170
<b>Total Depreciable Assets</b>	<u>280,169,996</u>	<u>3,201,877</u>	<u>-</u>	<u>1,343,030</u>	<u>284,714,903</u>
<b>Accumulated Depreciation:</b>					
Buildings and Structures	(22,500,058)	(179,911)	-	-	(22,679,969)
Improvements Other than Buildings	(37,876,714)	(2,598,697)	-	(41,267)	(40,516,678)
Machinery and Equipment	(6,505,923)	(320,267)	-	436,310	(6,389,880)
Infrastructure	(94,781,140)	(5,624,618)	-	(395,043)	(100,800,801)
<b>Total Accumulated Depreciation</b>	<u>(161,663,835)</u>	<u>(8,723,493)</u>	<u>-</u>	<u>-</u>	<u>(170,387,328)</u>
<b>Depreciable Assets, Net</b>	<u>118,506,161</u>	<u>(5,521,616)</u>	<u>-</u>	<u>1,343,030</u>	<u>114,327,575</u>
<b>Total Business-Type Activities</b>					
Capital Assets, Net	<u>\$ 234,525,244</u>	<u>\$ 46,920,307</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 281,445,551</u>

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 11 – CAPITAL ASSETS, Continued**

During the year ended June 30, 2020, the City's business-type activities expended \$52.4 million for construction in progress including \$49.9 million incurred by the Wastewater Management Enterprise Fund primarily for the construction of new primary treatment facilities at the Water Pollution Control Plant.

Business-type activities depreciation expenses for capital assets for the year ended June 30, 2020 are as follows:

Water Supply and Distribution	\$ 2,846,207
Wastewater Management	3,170,036
Solid Waste Management	171,006
SMaRT Station	2,280,372
Development	3,160
Golf and Tennis Operations	252,712
<b>Total Depreciation Expense</b>	<b>\$ 8,723,493</b>

**Fund Financial Statements**

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

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2020**

**NOTE 12 – NONCURRENT LIABILITIES**

The following is a summary of changes in long-term liabilities during the fiscal year ended June 30, 2020:

Description	Beginning Balance, July 1, 2019	Additions	Reductions	Bond Amortization	Ending Balance, June 30, 2020	Amounts Due Within One Year	Amounts Due in More than One Year
<b>Governmental Activities:</b>							
<b>Lease Financing/Certificates of Participation:</b>							
1998 Parking Facility Lease	\$ 4,530,000	\$ -	\$ (1,035,000)	\$ -	\$ 3,495,000	\$ 1,095,000	\$ 2,400,000
2009 Government Center	10,330,000	-	(680,000)	-	9,650,000	710,000	8,940,000
Other:							
Risk Management: Self Insurance and							
Contingent Liability	22,545,000	3,133,161	(3,125,161)	-	22,553,000	5,215,202	17,337,798
Compensated Absences	16,019,421	12,038,216	(9,699,380)	-	18,358,257	12,961,077	5,397,180
<b>Total Governmental Activities</b>	<b>\$ 53,424,421</b>	<b>\$ 15,171,377</b>	<b>\$ (14,539,541)</b>	<b>\$ -</b>	<b>\$ 54,056,257</b>	<b>\$ 19,981,279</b>	<b>\$ 34,074,978</b>
<b>Business-Type Activities:</b>							
<b>Revenue Bonds:</b>							
Water Nontaxable Series 2017A	\$ 13,613,014	\$ -	\$ -	\$ (77,253)	\$ 13,535,761	\$ -	\$ 13,535,761
Water Taxable Series 2017A-T	3,995,000	-	(515,000)	-	3,480,000	530,000	2,950,000
Wastewater Nontaxable Series 2017A	16,180,145	-	-	(103,381)	16,076,764	-	16,076,764
Wastewater Taxable Series 2017A-T	7,645,000	-	(1,155,000)	-	6,490,000	1,185,000	5,305,000
<b>Debt from Direct Borrowings and Direct Placements:</b>							
Solid Waste Refunding Promissory Note	1,394,700	-	(691,900)	-	702,800	702,800	-
Clean Water State Revolving Fund	38,599,255	43,384,861	-	-	81,984,116	-	81,984,116
<b>Other:</b>							
Service Concession Arrangement							
Maintenance Liability	1,668,806	-	(112,886)	-	1,555,920	132,419	1,423,501
Landfill Postclosure							
Care Costs	6,352,628	160,444	(46,097)	-	6,466,975	838,037	5,628,938
<b>Total Business-Type Activities</b>	<b>\$ 89,448,548</b>	<b>\$ 43,545,305</b>	<b>\$ (2,520,883)</b>	<b>\$ (180,634)</b>	<b>\$ 130,292,336</b>	<b>\$ 3,388,256</b>	<b>\$ 126,904,080</b>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**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.

<b>Bonded Debt</b>	<b>Outstanding Par Amount</b>	<b>Ratings</b>	
		<b>Moody's</b>	<b>S&amp;P</b>
1998 Parking Facility, Series A Certificates of Participation	\$ 3,495,000	Aa2	AA+
2009 Government Center Certificates of Participation	9,650,000	Aa1	AA+
Water Revenue Bonds, Nontaxable Series 2017A	12,010,000	Aa1	AA+
Water Revenue Bonds, Taxable Series 2017A-T	3,480,000	Aa1	AA+
Wastewater Revenue Bonds, Nontaxable Series 2017A	14,035,000	Aa2	AA+
Wastewater Revenue Bonds, Taxable Series 2017A-T	6,490,000	Aa2	AA+

**Bonded Debt Obligations**

Certificates of Participation

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

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

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

The debt service requirements for the 1998 Parking Certificates of Participation at June 30, 2020 were as follows:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ 1,095,000	\$ 147,375	\$ 1,242,375
2022	1,150,000	91,250	1,241,250
2023	1,250,000	31,250	1,281,250
	<u>\$ 3,495,000</u>	<u>\$ 269,875</u>	<u>\$ 3,764,875</u>

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

**NOTE 12 – NONCURRENT LIABILITIES, Continued**

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

Issued by the Authority and due in original annual installments of \$470,000-\$1,065,000 through April 1, 2031, initially bearing interest at a weekly interest rate as determined by the remarketing agent (based on an examination of tax-exempt obligations comparable to the Certificates under then-prevailing market conditions). Repayments are made from lease payments by the City's Internal Service Funds and the Enterprise Funds based on a predetermined pro-rata share of each activity's use of the Civic Center premises.

In connection with the issuance of the 2009 Government Center COPs, the City obtained an irrevocable letter of credit as a credit facility with Union Bank, NA for the COPs. The City's repayment of unreimbursed draws made on the credit facilities bears interest at rates as defined in the reimbursement agreement of 12% per annum. The City is required to pay an annual facility fee of 0.60% starting from the June 2018 letter of credit renewal, payable quarterly in arrears, based on the available amount in effect, from the date of issuance of the letter of credit until the stated termination date, as defined in the amended reimbursement agreement supported by the credit facility. For the year ended June 30, 2020, the City incurred credit facility fees in the amount of \$66,301, which was in addition to \$12,651 in service fees to trustee, remarketing agent, and rating agencies. The term of the renewed letter of credit with Union Bank, NA is from June 1, 2018 to June 1, 2021.

At June 30, 2020, the annualized interest rate was 0.10%, which was the rate used to project the interest portion of the debt service payments for future years. This rate will change with market fluctuations.

The debt service requirements for the 2009 Government Center Variable Rate Demand Refunding Certificates of Participation at June 30, 2020 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 710,000	\$ 9,650	\$ 719,650
2022	740,000	8,940	748,940
2023	770,000	8,200	778,200
2024	800,000	7,430	807,430
2025	835,000	6,630	841,630
2026-2030	4,730,000	19,905	4,749,905
2031	1,065,000	1,065	1,066,065
	<u>\$ 9,650,000</u>	<u>\$ 61,820</u>	<u>\$ 9,711,820</u>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**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% - 5%, with repayments made from net revenues of the Water Supply and Distribution Enterprise Fund.

The debt service requirements for the bonds at June 30, 2020 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 521,350	\$ 521,350
2022	-	521,350	521,350
2023	-	521,350	521,350
2024	-	521,350	521,350
2025	-	521,350	521,350
2026-2030	2,650,000	2,421,250	5,071,250
2031-2035	4,215,000	1,551,350	5,766,350
2036-2040	5,145,000	622,500	5,767,500
	<u>12,010,000</u>	<u>7,201,850</u>	<u>19,211,850</u>
Add Unamortized Premium	1,525,761	-	1,525,761
Total	<u>\$ 13,535,761</u>	<u>\$ 7,201,850</u>	<u>\$ 20,737,611</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, 2020 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 530,000	\$ 102,220	\$ 632,220
2022	545,000	88,493	633,493
2023	560,000	73,560	633,560
2024	575,000	57,152	632,152
2025	595,000	39,729	634,729
2026-2027	675,000	23,588	698,588
	<u>\$ 3,480,000</u>	<u>\$ 384,740</u>	<u>\$ 3,864,740</u>

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2020**

**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, 2020 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 632,000	\$ 632,000
2022	-	632,000	632,000
2023	-	632,000	632,000
2024	-	632,000	632,000
2025	-	632,000	632,000
2026-2030	4,650,000	2,617,000	7,267,000
2031-2035	4,210,000	1,604,550	5,814,550
2036-2040	5,175,000	637,000	5,812,000
	<u>14,035,000</u>	<u>8,018,550</u>	<u>22,053,550</u>
Add Unamortized Premium	2,041,764	-	2,041,764
Total	<u>\$ 16,076,764</u>	<u>\$ 8,018,550</u>	<u>\$24,095,314</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, 2020 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,185,000	\$ 189,480	\$ 1,374,480
2022	1,210,000	158,433	1,368,433
2023	1,250,000	124,916	1,374,916
2024	1,285,000	87,916	1,372,916
2025	1,325,000	48,595	1,373,595
2026	235,000	7,520	242,520
	<u>\$ 6,490,000</u>	<u>\$ 616,860</u>	<u>\$ 7,106,860</u>



**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2020****NOTE 12 – NONCURRENT LIABILITIES, Continued**Events of Default and Acceleration Clauses

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

Direct Borrowings and Placements of Debt**\$7,368,400 Solid Waste Refunding Promissory Note Dated October 23, 2014**

The proceeds of this loan were used to refund the Solid Waste Revenue Bonds Series 2003 and 2007. This loan is due in annual installments ranging from \$531,200 to \$2,392,200 starting October 1, 2015 until October 1, 2020 with interest at 1.23%. Repayments are made from net revenues of the Solid Waste Enterprise Fund, including monies received from the cities of Mountain View, Palo Alto, and Sunnyvale under the Memorandum of Understanding in connection with Sunnyvale's Materials Recovery and Transfer Station (SMaRT Station). See Note 13 about pledged revenues that secured this promissory note.

The debt service requirements for this promissory note at June 30, 2020 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 702,800	\$ 4,322	\$ 707,122

The City is responsible for implementing post-issuance procedures to ensure that the Prior Project uses are consistent with all covenants and restrictions set forth in the Tax Certificate and to comply with all legal requirements. In an event of taxability, the principal amount of this Note will thereafter bear interest at the taxable rate as defined in the Loan Agreement. In an event of default, the principal amount of this Note may be declared due and payable, but such declaration may be rescinded and annulled as provided in the Loan Agreement.

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 term of this agreement is from December 9, 2016 to June 30, 2051. As of June 30, 2020, the City has drawn down \$81,984,116. At June 30, 2020, the City has an outstanding unused line of credit in the amount of \$41,084,406.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

**NOTE 12 – NONCURRENT LIABILITIES, Continued**

The CWSRF loan includes an interest rate of 1.7%. The City draws down the CWSRF on a cost reimbursement basis. The first \$4 million requested was applied toward the contingent capitalization grant principal forgiveness funds. Repayment of the grant forgiveness funds is required if the City does not comply with the CWSRF program requirements. Grant revenues recognized in the City's Wastewater Management Fund has reached \$4 million (\$3,826,736 in fiscal year 2017 and \$173,264 in fiscal year 2018). Subsequent disbursements of the CWSRF received by the City, \$81,984,116 as of this fiscal year-end, have been recognized as a noncurrent liability of the Wastewater Management Enterprise Fund. Related interest expense in the amount of \$909,141 has also been recognized during the year ended June 30, 2020.

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 following is a prorated payment schedule based on the originally projected CSWRCB payment schedule dated February 16, 2017. Since the actual amount drawn from the letter of credit as of June 30, 2020 was \$81,984,116, the final schedule will differ from the one shown below:

<b>Year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2021	\$ -	\$ -	\$ -
2022	2,117,592	1,393,730	3,511,322
2023	2,153,588	1,357,731	3,511,319
2024	2,190,199	1,321,120	3,511,319
2025	2,227,433	1,283,887	3,511,320
2026-2030	11,718,198	5,838,397	17,556,595
2031-2035	12,748,691	4,807,904	17,556,595
2036-2040	13,869,805	3,686,790	17,556,595
2041-2045	15,089,510	2,467,086	17,556,596
2046-2050	16,416,475	1,140,121	17,556,596
2051	3,452,625	58,695	3,511,320
Total	<u>\$ 81,984,116</u>	<u>\$ 23,355,461</u>	<u>\$ 105,339,577</u>

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**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, 2020 by activity are listed below:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2021	\$ 1,805,000	\$ 157,025	\$ 2,417,800	\$ 1,449,372
2022	1,890,000	100,190	3,872,592	2,794,005
2023	2,020,000	39,450	3,963,588	2,709,557
2024	800,000	7,430	4,050,199	2,619,537
2025	835,000	6,630	4,147,433	2,525,561
2026-2030	4,730,000	19,905	19,928,198	10,907,755
2031-2035	1,065,000	1,065	21,173,691	7,963,804
2036-2040	-	-	24,189,805	5,070,540
2041-2045	-	-	15,089,510	2,467,086
2046-2050	-	-	16,416,475	1,140,121
2051	-	-	3,452,625	58,695
Subtotal	13,145,000	331,695	118,701,916	39,706,033
Add Unamortized Premium	-	-	3,567,525	-
Total	<u>\$ 13,145,000</u>	<u>\$ 331,695</u>	<u>\$ 122,269,441</u>	<u>\$ 39,706,033</u>

**Risk Management**

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

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

The City has \$40,000,000 in excess general liability coverage, subject to \$500,000 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. Each member is assessed a contribution based on actuarially determined rates, which is intended to cover the CJPRMA's claims, operating costs and claim settlement expenses. Additional cash contributions may be assessed on the basis of adverse loss experiences. The CJPRMA maintains members' equity accounts for each pool member. Losses and expenses are paid from these pools up to the limit of coverage subject to the self-insured retention. Most recent financial statements for CJPRMA for the fiscal year ended June 30, 2019 may be obtained from the CJPRMA website.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 12 – NONCURRENT LIABILITIES, Continued**

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, 2020*

**NOTE 12 – NONCURRENT LIABILITIES, Continued**

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

	<u>2020</u>	<u>2019</u>
<b>General:</b>		
Liability at beginning of fiscal year	\$ 2,784,000	\$ 2,356,000
Claims paid	(439,812)	(605,748)
Current fiscal year claims and changes in estimated liability	<u>524,812</u>	<u>1,033,748</u>
Liability at end of fiscal year	<u><u>\$ 2,869,000</u></u>	<u><u>\$ 2,784,000</u></u>
<b>Workers' Compensation:</b>		
Liability at beginning of fiscal year	\$ 19,761,000	\$ 19,030,000
Claims paid	(2,685,349)	(2,979,737)
Current fiscal year claims and changes in estimated liability	<u>2,608,349</u>	<u>3,710,737</u>
Liability at end of fiscal year	<u><u>\$ 19,684,000</u></u>	<u><u>\$ 19,761,000</u></u>
<b>Total Estimated Claims Payable</b>	<u><u>\$ 22,553,000</u></u>	<u><u>\$ 22,545,000</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 2.5% for through 2028 and 3.0% for 2029 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, 2020 was \$18,358,257. General Fund, Special Revenue Funds, and Capital Project Fund contribute to liquidate their portion of the compensated absence liability.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

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**NOTE 12 – NONCURRENT LIABILITIES, Continued**

**Landfill Postclosure Care Costs**

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

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

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

At June 30, 2020, liability in the amount of \$6,466,975 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, 2020. 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.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 12 – NONCURRENT LIABILITIES, Continued**

The bond documents for the CFD No. 1 bonds stipulated that in the event the Initial Release Test was not satisfied, the bonds would be redeemed in part. In order to satisfy the Initial Release Test, the Director of Finance of the City of Sunnyvale had to determine, at the time of the initial disbursement from the Escrow Fund, that several conditions had been met. Prior to the initial disbursement from the Escrow Fund, the Director of Finance determined that the Initial Release Test had not been satisfied. Therefore, bonds in the amount of \$16,010,000 were redeemed in September 2002. The principal balance of currently outstanding bonds was \$13,960,000 at June 30, 2020. These funds were used to finance one of the two proposed new parking garages. This garage, which contains 958 parking spaces, opened in October 2001.

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2020**

**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	2014 Solid Waste Note
Net revenue <sup>1</sup> 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 Solid Waste System, plus the proportion of debt service shared by Mountain View and Palo Alto according to the Memorandum of Understanding by the cities.
Term of commitment	Until 4/1/2040	Until 4/1/2027	Until 4/1/2040	Until 4/1/2026	Until 6/30/2051	Until 10/1/2020
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.	To refund the 2003 and 2007 Solid Waste Revenue Bonds for the City's Solid Waste Material Recovery and Transfer Station.
Amount of the pledge (remaining debt service principal and interest)	\$19,211,850	\$3,864,740	\$22,053,550	\$7,106,860	\$123,068,522 <sup>3</sup>	\$707,122
Pledged revenues recognized during the period (net of operating expenses and operating transfers, also excluding depreciation and interest expense)	\$21,037,029		\$36,483,749		\$0	\$7,458,818
Debt service-principal and interest-paid during the period <sup>2</sup>	\$521,350	\$629,631	\$632,000	\$1,372,662	\$0	\$704,800

<sup>1</sup> 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.

<sup>2</sup> 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.

<sup>3</sup> For the 2017 State Revolving Fund Loan, see Note 15 for details. The City only drew \$81,984,116 of the approved amount of \$123,068,522.



**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2020****NOTE 14 – OPERATING LEASE OBLIGATIONS**

The City has a noncancelable operating lease for a portion of land located at Moffett Field from Planetary Ventures for the operation of the Sunnyvale Municipal Golf Course. The City also has a noncancelable golf cart lease for the Sunnyvale and Sunken Garden Golf Courses. The City has a dollar buyout lease for multifunction devices (copiers) placed at various city locations. Future minimum payments under these leases are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 208,841
2022	165,001
<b>Total</b>	<u><u>\$ 373,842</u></u>

**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 2019/20, the City paid surcharges (proportional to the amount of water purchased) in the amount of \$1,884,492.

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, 2020***

**NOTE 15 – COMMITMENTS, Continued**

**Outstanding Construction Commitments**

At June 30, 2020, the City had outstanding construction commitments for the following projects:

**Governmental Activities:**

<b>Description</b>	<b>Contract</b>	<b>Unpaid</b>
Fair Oaks Avenue Overhead Bridge Rehabilitation	\$ 18,386,003	\$ 18,386,003
Washington Community Swim Center	10,514,165	7,649,102
Reconstruction of Curbs, Gutters, Sidewalks	2,642,950	2,642,950
Traffic Signal Hardware and Wiring	852,374	457,428
Advanced Dilemma Zone Detection	424,000	424,000
Preschool Outdoor Play Area at Murphy Park	333,193	333,193
Sunken Gardens GC Renovations	468,000	276,863
	<u>\$ 33,620,685</u>	<u>\$ 30,169,539</u>

**Business-Type Activities:**

<b>Description</b>	<b>Contract</b>	<b>Unpaid</b>
Primary Treatment Facility Pkge 2 - Reconstruct WPCP	<u>\$ 107,201,106</u>	<u>\$ 14,878,943</u>

**Loan Agreement with State Water Resources Control Board**

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

In April 2017, the City executed a loan agreement with the California State Water Resources Control Board to secure \$127,068,522 in funding from the Clean Water State Revolving Fund for the Water Pollution Control Plant Rehabilitation — Headworks and Primary Treatment Facilities Phase 1(A) Project (Project). California's Clean Water State Revolving Fund (SRF) is capitalized through a variety of funding sources, including grants from the United States Environmental Protection Agency, State matching funds, revenue bond proceeds, loan repayments and fund earnings.

The City draws down the SRF loan on a cost reimbursement basis. Funding of the first \$4 million requested was paid with the SRF capitalization grant principal forgiveness funds; that amount will be immediately forgiven and will not accumulate interest. Repayment of the forgiven loan is required if the City does not comply with the program requirements.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

**NOTE 15 – COMMITMENTS, Continued**

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

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

**Clean Water State Revolving Fund Loan Projected Debt Service Requirements**

Headworks and Primary Treatment, Phase 1(A) Project  
based on projected loan disbursements at 1.7% interest

<b>Year Ending June 30,</b>	<b>Projected Principal</b>	<b>Projected Interest</b>	<b>Projected Total</b>
2022	\$ 3,178,769	\$ 2,092,165	\$ 5,270,934
2023	3,232,808	2,038,126	5,270,934
2024	3,287,766	1,983,168	5,270,934
2025	3,343,658	1,927,276	5,270,934
2026	3,400,500	1,870,434	5,270,934
2027-2031	17,889,537	8,465,133	26,354,670
2032-2036	19,462,733	6,891,937	26,354,670
2037-2041	21,174,277	5,180,393	26,354,670
2042-2046	23,036,334	3,318,336	26,354,670
2047-2051	25,062,140	1,292,530	26,354,670
Total	<u>\$ 123,068,522</u>	<u>\$ 35,059,498</u>	<u>\$ 158,128,020</u>

The loan includes an interest rate of 1.7%, calculated from the date that SRF loans are disbursed. Loans are amortized over a period of 30 years. The final payment schedule will be forwarded to the City after all loan disbursements have been made and construction of the Project has been completed.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**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, 2020, the required employer contribution rates for miscellaneous and safety plans were 32.679% and 57.743%, respectively.

**Employees Covered** - At June 30, 2019, the most recent information available, the following employees were covered by the benefit terms:

	Miscellaneous	Safety	Total
Inactive employees or beneficiaries currently receiving benefits	1,082	404	1,486
Inactive employees entitled to but not yet receiving benefits	897	67	964
Active employees	687	198	885
	<u>2,666</u>	<u>669</u>	<u>3,335</u>

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**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, 2019 (the measurement date of the net pension liability reported for fiscal year ended June 30, 2020), 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 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, 2020, the City reported the account balance of \$4,765,075 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, 2018; measurement date of June 30, 2019, and measurement period of July 1, 2018 to June 30, 2019.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

**NOTE 16 – PENSION PLANS, Continued**

***Actuarial Methods and Assumptions Used to Determine Total Pension Liability***

The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 total pension liability, based on the following actuarial methods and assumptions:

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

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

All other actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the 2017 CalPERS Experience Study for the period from 1997 to 2015, including updates to salary increase, mortality and retirement rates. Further details of the 2017 CalPERS Experience Study can be found on the CalPERS website under Forms and Publications.

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

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**NOTE 16 – PENSION PLANS, Continued**

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

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

The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The long-term expected real rate of return by asset class and the target allocation adopted by the CalPERS Board effective on July 1, 2018, are as follows:

<b>Asset Class</b>	<b>Current Target Allocation</b>	<b>Real Return Years 1 - 10<sup>1</sup></b>	<b>Real Return Years 11+<sup>2</sup></b>
Global Equity	50%	4.80%	5.98%
Global Fixed Income	28%	1.00%	2.62%
Inflation Sensitive	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

<sup>1</sup> An expected inflation of 2.0% used for this period.

<sup>2</sup> An expected inflation of 2.92% used for this period.

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2020**

**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, 2019**

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at June 30, 2018	\$ 604,618,223	\$ 428,406,853	\$ 176,211,370
Changes Recognized for the Measurement Period:			
Service Cost	11,559,006	-	11,559,006
Interest on the Total Pension Liability	43,217,539	-	43,217,539
Differences between Expected and Actual Experience	8,785,490	-	8,785,490
Contributions - Employer	-	19,631,877	(19,631,877)
Contributions - Employee	-	5,467,671	(5,467,671)
Net Investment Income	-	28,083,867	(28,083,867)
Benefit Payments, including Refunds of Employee Contributions	(29,484,250)	(29,484,250)	-
Administrative Expenses	-	(305,720)	305,720
Other Miscellaneous Income (Expense)	-	995	(995)
Net Changes	34,077,785	23,394,440	10,683,345
Balances at June 30, 2019	\$ 638,696,008	\$ 451,801,293	\$ 186,894,715

**Pension Results, Provided by the Safety Plan**  
**For the Measurement Date of June 30, 2019**

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at June 30, 2018	\$ 574,697,561	\$ 391,419,016	\$ 183,278,545
Changes Recognized for the Measurement Period:			
Service Cost	10,590,296	-	10,590,296
Interest on the Total Pension Liability	40,740,521	-	40,740,521
Differences between Expected and Actual Experience	4,796,806	-	4,796,806
Contributions - Employer	-	17,722,518	(17,722,518)
Contributions - Employee	-	4,108,581	(4,108,581)
Net Investment Income	-	25,483,098	(25,483,098)
Benefit Payments, including Refunds of Employee Contributions	(29,984,051)	(29,984,051)	-
Administrative Expenses	-	(279,325)	279,325
Other Miscellaneous Income (Expense)	-	911	(911)
Net Changes	26,143,572	17,051,732	9,091,840
Balances at June 30, 2019	\$ 600,841,133	\$ 408,470,748	\$ 192,370,385
Total balances at June 30, 2019 including Miscellaneous and Safety Plans	\$ 1,239,537,141	\$ 860,272,041	\$ 379,265,100



*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**NOTE 16 – PENSION PLANS, Continued**

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

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

<b>Net Pension Liability</b>	<b>Discount Rate -1% (6.15%)</b>	<b>Current Discount Rate (7.15%)</b>	<b>Discount Rate +1% (8.15%)</b>
Miscellaneous Plan	\$ 270,572,604	\$ 186,894,715	\$ 117,724,387
Safety Plan	272,763,511	192,370,385	126,289,312

***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 (EARS�) 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, 2020*

**NOTE 16 – PENSION PLANS, Continued**

For the measurement period ended June 30, 2019 (the measurement date), the City recognized total pension expense of \$66,974,647, including \$33,349,978 for Miscellaneous Plan and \$33,624,669 for Safety Plans.

At June 30, 2020, 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
<b>Miscellaneous Plan:</b>		
Employer Contributions Subsequent to Measurement Date	\$ 21,054,095	\$ -
Changes of Assumptions	-	(816,358)
Differences between Expected and Actual Experiences	6,135,500	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(2,193,801)
Total Miscellaneous Plan	27,189,595	(3,010,159)
<b>Safety Plan:</b>		
Employer Contributions Subsequent to Measurement Date	18,970,255	-
Changes of Assumptions	3,732,644	(1,136,707)
Differences between Expected and Actual Experiences	3,297,804	(937,696)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(1,899,334)
Total Safety Plan	26,000,703	(3,973,737)
All Plans	\$ 53,190,298	\$ (6,983,896)

The total amount of \$40,024,350 (\$21,054,095 for Miscellaneous Plan and \$18,970,255 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 measurement period ended June 30, 2020.

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

Fiscal Year Ending June 30,	Miscellaneous Plan	Safety Plan
2021	\$ 5,068,497	\$ 5,159,982
2022	(1,743,800)	(2,252,433)
2023	(660,661)	(279,627)
2024	461,305	428,789

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

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**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 of Sunnyvale.

The measurement date of the net OPEB liability presented in the City’s current year financial statements was as of June 30, 2019. The Plan’s stand-alone financial report for the fiscal year ended June 30, 2019 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, 2019 (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 (\$507 for SEIU, \$467 for PSOA, \$473 for COA, and \$921 for SEA/Confidential/Management per month at June 30, 2020). 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, 2020, the monthly City contribution of \$139 represents the PEMHCA required minimum employer contribution amount.

***Employees Covered*** - At June 30, 2019, the most recent information available, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	822
Inactive employees entitled to but not yet receiving benefits	91
Active employees	896
	<u>1,809</u>

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**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, 2019, aside from the implied subsidy of \$1,439,623, the City pre-funded \$4,819,000 to the Trust while contributing \$5,789,747 outside of Trust on a pay-as-you-go basis for current benefit payments and PEMHCA administration expenses. 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, 2018; measurement date of June 30, 2019, and measurement period of July 1, 2018 to June 30, 2019. The June 30, 2018 valuation was rolled forward to determine the June 30, 2019 total OPEB liability.

***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, 2018, actuarial valuation.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

**NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued**

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following assumptions:

Valuation Date	June 30, 2018
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Implied Subsidy	Implied subsidy included for non-Medicare eligible retirees (projected benefit payments are based on claim cost or age-adjusted premiums approximating claim costs)
Actuarial Assumptions:	
Discount Rate	6.0% - full actuarially determined contribution funding
Expected Long-Term Rate of Return	6.0%, net of plan investment expenses, including inflation
Inflation	2.75% annually
Payroll Growth	3.0% annually, including inflation
Cap increase on benefit payments	0% to 5% depending on bargaining unit
Medical Trend	7.5% annually decreasing to 4.0% for retirees not eligible for Medicare. 6.5% annually decreasing to 4.0 % for retirees eligible for Medicare.
Mortality	Derived using CalPERS 1997-2015 Experience Study. Mortality Improvement Scale MP-2018

***Discount Rate***

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

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	39.0%	4.53%
International Equity	21.0%	4.93%
Fixed Income	40.0%	1.47%
Total	100.0%	

**C. Changes in the Net OPEB Liability**

**Results Provided by the OPEB Plan**  
**For the Measurement Date of June 30, 2019**

	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balances at June 30, 2018	\$ 166,022,735	\$ 93,803,436	\$ 72,219,299
Changes Recognized for the Measurement Period:			
Service Cost	5,789,853	-	5,789,853
Interest on the Total OPEB Liability	10,092,406	-	10,092,406
Contributions - Employer	-	12,048,370	(12,048,370)
Net Investment Income	-	6,472,434	(6,472,434)
Benefit Payments, including Refunds of Employee Contributions	(7,211,618)	(7,211,618)	-
Administrative Expenses	-	(17,752)	17,752
Net Changes	8,670,641	11,291,434	(2,620,793)
Balances at June 30, 2019	\$ 174,693,376	\$ 105,094,870	\$ 69,598,506

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

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

	Discount Rate -1% (5.0%)	Current Discount Rate (6.0%)	Discount Rate +1% (7.0%)
Net OPEB Liability	\$ 94,712,059	\$ 69,598,506	\$ 49,188,136

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**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	\$ 52,570,440	\$ 69,598,506	\$ 91,448,840

***OPEB Plan Fiduciary Net Position***

Detailed information about the OPEB Plan's fiduciary net position is available in the separately issued 2019 Sunnyvale Retiree Healthcare Plan Report, available 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, 2019 (the measurement date), the City recognized total OPEB expense of \$7,484,348.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued**

At June 30, 2020, 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	\$ 12,054,056	\$ -
Change of Assumptions	3,402,138	-
Differences between Expected and Actual Experience	-	(9,650,390)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	(2,410,874)
Total	<u>\$ 15,456,194</u>	<u>\$ (12,061,264)</u>

The amount of \$12,054,056, 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 measurement period ended June 30, 2020.

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

Fiscal Year Ending June 30,	Deferred Outflows/(Inflows) of Resources
2021	\$ (2,671,801)
2022	(2,671,802)
2023	(2,128,430)
2024	(1,187,093)

**NOTE 18 – INTERFUND TRANSFERS**

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



*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**NOTE 18 – INTERFUND TRANSFERS, Continued**

Below is a summary of interfund transfers:

<b>Fund Receiving Transfers</b>	<b>Fund Making Transfers</b>	<b>Amount Transferred</b>	<b>Funding Purpose</b>
<b>General Fund</b>	Nonmajor Governmental	38,502	(3)
	Wastewater Management	1,777,213	(3)
	Solid Waste Management	1,419,512	(3)
	<b>Subtotal - General Fund</b>	<b>3,235,227</b>	
<b>Housing Special Revenue</b>	Low & Moderate Income Housing	1,000,000	(3)
<b>City Projects</b>	General Fund	1,390,321	(1)
	Park Dedication Special Revenue	3,933,812	(1)
	Nonmajor Governmental	378,291	(1)
	<b>Subtotal - City Projects</b>	<b>5,702,424</b>	
<b>Infrastructure</b>	General Fund	4,647,036	(1)
	Park Dedication Special Revenue	1,678,340	(1)
	Nonmajor Governmental	4,720,111	(1)
	Internal Services - General Services	2,023,020	(1)
	Water Supply and Distribution	6,095	(1)
	Wastewater Management	3,079	(1)
	<b>Subtotal - City Projects</b>	<b>13,077,681</b>	
<b>Nonmajor Governmental</b>	Internal Service - General Services	669,758	(4)
	Water Supply and Distribution	61,953	(4)
	Wastewater Management	42,529	(4)
	Solid Waste Management	62,957	(4)
	<b>Subtotal - Nonmajor Governmental</b>	<b>837,197</b>	
<b>Internal Service</b>	General Fund	2,180,052	(1)
	Housing Fund	5,910	(1)
	Employment Development Fund	51,884	(1)
	Water Supply and Distribution	347,089	(1)
	Wastewater Management	790,902	(1)
	Solid Waste	528,742	(1)
	Golf Course	24,850	(1)
	Development Enterprise	966,824	(1)
	Internal Service - General Services	116,220	(1)
	Park Dedication Special Revenue	1,045,443	(1)
	Infrastructure	588,176	(1)
	Nonmajor Governmental	346,068	(1)
	<b>Subtotal - Internal Service</b>	<b>6,992,160</b>	
<b>Water Supply &amp; Distribution</b>	Wastewater Management	79,591	(1)
<b>Wastewater Management</b>	General Fund	6,934	(1)
<b>Solid Waste Management</b>	General Fund	3,057	(1)
	Water Supply and Distribution	15,612	(1)
	Wastewater Management	6,051	(1)
	<b>Subtotal - Solid Waste Management</b>	<b>24,720</b>	
<b>SMaRT Station</b>	Solid Waste	508,936	(2)
<b>Golf and Tennis Operations</b>	General Fund	2,014,020	(3)
<b>Total Interfund Transfers</b>		<b>33,478,890</b>	

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

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**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.”

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

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

**Governmental Fund Financial Statements**

The following schedule presents details of fund balance components at June 30, 2020:

	Major Funds							Total
	General Fund	Housing Special Revenue	Park Dedication Special Revenue	Employment Development Special Revenue	City Projects	Infrastructure Renovation & Replacement	Nonmajor Governmental Funds	
<b>Fund Balances:</b>								
<b>Nonspendable:</b>								
Inventories and Prepaid Items	\$ 614,267	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 614,267
Long-term Receivables Net of Deferred Inflows of Resources	1,635,572	-	-	-	-	-	-	1,635,572
Assets Held for Resale	1,101,077	-	-	-	-	-	-	1,101,077
Permanent Fund Principal	-	-	-	-	-	-	1,625,589	1,625,589
Columbia Neighborhood Center Endowment	445,786	-	-	-	-	-	-	445,786
<b>Subtotal</b>	<b>3,796,702</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,625,589</b>	<b>5,422,291</b>
<b>Restricted for:</b>								
Donations and Contributions from External Sources	1,135,399	-	-	-	-	-	-	1,135,399
Hazardous Materials Program Enforcement Actions	609,658	-	-	-	-	-	-	609,658
Housing Mitigation	-	96,718,533	-	-	-	-	-	96,718,533
Assets Held for Resale	-	280,000	-	-	-	-	-	280,000
Housing - CDBG and HOME Grants	-	-	-	-	-	-	20,604,556	20,604,556
Low and Moderate Income Housing Assets	-	-	-	-	-	-	8,645,055	8,645,055
Park Dedication	-	-	103,034,431	-	-	-	-	103,034,431
Law Enforcement - Asset Forfeiture Funds	-	-	-	-	-	-	77,839	77,839
Police Services Augmentation	-	-	-	-	-	-	113,210	113,210
Workforce Training and Development	-	-	-	146,989	-	-	-	146,989
Downtown Parking Maintenance	-	-	-	-	-	-	746,160	746,160
Public Street and Highways	-	-	-	-	-	-	11,187,535	11,187,535
Debt Service Reserve	1,320,945	-	-	-	-	-	1,097,394	2,418,339
Capital Projects Funded by External Resources	-	-	-	-	90,820,571	-	-	90,820,571
<b>Subtotal</b>	<b>3,066,002</b>	<b>96,998,533</b>	<b>103,034,431</b>	<b>146,989</b>	<b>90,820,571</b>	<b>-</b>	<b>42,471,749</b>	<b>336,538,275</b>
<b>Committed to:</b>								
Contingency Reserve	25,266,611	-	-	-	-	-	-	25,266,611
Capital Improvement Projects	6,023,661	-	-	-	-	4,296,517	-	10,320,178
Current Capital and Special Projects Carryover	28,148,839	-	-	-	-	-	-	28,148,839
<b>Subtotal</b>	<b>59,439,111</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,296,517</b>	<b>-</b>	<b>63,735,628</b>
<b>Assigned to:</b>								
Infrastructure Renovation and Improvement Projects	-	-	-	-	-	70,926,080	-	70,926,080
<b>Unassigned:</b>								
General Fund - Budget Stabilization Fund	59,882,748	-	-	-	-	-	-	59,882,748
<b>Total</b>	<b>\$ 126,184,563</b>	<b>\$96,998,533</b>	<b>\$ 103,034,431</b>	<b>\$ 146,989</b>	<b>\$ 90,820,571</b>	<b>\$ 75,222,597</b>	<b>\$44,097,338</b>	<b>\$ 536,505,022</b>

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, 2020***

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

**Fund Balance Classifications:**

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

Some resources are spendable but are legally or contractually required to be maintained intact. Such resources include the principal of endowments and permanent funds.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors), laws and regulations of other governments, or through enabling legislation.

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

The *committed* fund balance includes spendable net resources that can only be used for specific purposes pursuant to constraints imposed by formal action (Council-adopted), no later than the close of the fiscal year. Those constraints remain binding unless removed or changed in the same manner employed to previously commit those resources.

The *assigned* fund balance includes amounts that are constrained by the City's intent to be used for specific purposes but are neither restricted nor 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.

The *unassigned* fund balance represents spendable net resources that have not been restricted, committed, or assigned to specific purposes for the General Fund or negative fund balances for other governmental funds.

**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, 2020***

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**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 2020 adopted budget, the Contingency Reserve was identified and set aside for the designated purpose in the amount of \$25,266,611.

*The General Fund Reserve for Capital Improvement Projects* primarily reflects the proceeds from land sales between fiscal year 2006 and fiscal year 2020. Such proceeds have been used for specific capital improvement projects as approved by the Council. The reserve balance at year end was \$6,023,661, 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 \$28,148,839 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 2020, this stabilization fund had a balance of \$59,882,748 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 \$96,998,533 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 \$103,034,431 is for the purpose of acquisition, construction, or renovation of neighborhood parks.

For the Employment Development Special Revenue Fund, the restricted amount of \$146,989 is for the purposes of work force training and development, as required by the terms of various federal and state grants.

For the City Projects Fund, total fund balance was \$90,820,571 and represents the restricted resources from grants and impact fees.

For the Infrastructure Renovation and Improvement Fund, the amount of \$4,296,517 represents resources committed to specific capital improvements as approved by the Council. The remaining fund balance of \$70,926,080 represents resources assigned to capital projects, primarily for the construction of the City Civic Center.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**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:

<b>Enforceable Obligations Purposes</b>	<b>Amounts Approved to Cover the Period 7/1/20-12/31/20</b>	<b>Unspent Amounts from Prior Advances</b>	<b>Total RPTTF Held at 6/30/20</b>
Central Core Tax Allocation Bonds Debt Service	\$ 572,532	\$ (2,570)	\$ 569,962
Fiscal Agent Trustee Fees	2,500	2,500	5,000
Town Center Pollution Remediation Obligations	35,000	121,610	156,610
Town Center Development Agreement Management	25,000	(2,806)	22,194
Low and Moderate Income Housing Asset Fund Rep	2,919,938	-	2,919,938
Administration Funded by RPTTF	60,000	271,519	331,519
RPTTF Managed by the City for the RSA	<u>\$ 3,614,970</u>	<u>\$ 390,253</u>	<u>\$ 4,005,223</u>

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2020****NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued**

In June 2020, the County distributed the amount of \$3,412,713 to the RSA, after subtracting \$202,257 (unspent as of June 30, 2018 prior period adjustment) based on the Certified Recognized Obligation Payment Schedule (ROPS) submitted for the period from July to December of 2020.

At June 30, 2020, the RPTTF position held by the RSA in LAIF and in the City Treasury Pool was \$3,997,463 and \$7,760, respectively, which totaled to \$4,005,223. Additionally, investments totaling \$652,794 were invested in money market mutual funds and LAIF by the fiscal agent as debt service reserve for the Central Core Redevelopment Project Tax Allocation Refunding Bonds, Series 2003 (2003 Tax Allocation Bonds).

**B. Receivables**

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

<b>To Collect from</b>	<b>Amount</b>
RPTTF (Reimbursement Obligation to City-1998 Parking Facility COP)	\$ 8,689,003
Interest Receivable	9,105
Total Receivables	<u>\$ 8,698,108</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 \$8,689,003 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. This amount was a combination of actual costs and estimates as determined by the generally accepted accounting principles for financial reporting purposes only and did not take into consideration any land use restrictions on the property.

**D. Accounts Payable and Accrued Liabilities**

The balance of \$8,030 included unpaid invoices for legal and financial services at fiscal year ended June 30, 2020.

**E. Accrued Interest Payable**

As of June 30, 2020, \$31,277 of interest was accrued on the 2003 Tax Allocation Bonds.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued**

***F. Noncurrent Liabilities***

Description	Balance, June 30, 2019	Additions	Reductions	Balance, June 30, 2020	Due Within One Year	Due In More Than One Year
<b>Redevelopment Successor Agency Private-Purpose Trust Fund:</b>						
Bonds Payable:						
Central Core Tax Allocation Bonds, Series 2003	\$ 2,195,000	\$ -	\$ (515,000)	\$ 1,680,000	\$ 535,000	\$ 1,145,000
Contractual Obligations under the 2016 MRADDOP A:						
Town Center Pollution Remediation Obligations to Developer	536,901	-	(10,645)	526,256	70,000	456,256
Payable to the Low and Moderate Income Housing Asset Fund	9,066,758	-	(2,557,519)	6,509,239	2,919,938	3,589,301
Former RDA Obligations Due to the City	31,218,480	1,961,830	-	33,180,310	-	33,180,310
<b>Total</b>	<b>\$ 43,017,139</b>	<b>\$ 1,961,830</b>	<b>\$ (3,083,164)</b>	<b>\$ 41,895,806</b>	<b>\$ 3,524,938</b>	<b>\$ 38,370,868</b>

These noncurrent liabilities are explained as follows.

***Bonds Payable***

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

Bonded Debt	Par Amount	Moody's	S&P
Central Core Tax Allocation Refunding Bonds, Series 2003	\$ 1,680,000	Aa3	A+

Tax Allocation Bonds

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

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



*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

**NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued**

The debt service requirements for the bonds at June 30, 2020 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 535,000	\$ 63,295	\$ 598,295
2022	560,000	38,925	598,925
2023	585,000	13,163	598,163
<b>Total</b>	<u>\$ 1,680,000</u>	<u>\$ 115,383</u>	<u>\$ 1,795,383</u>

***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.

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

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**NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued**

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.

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 \$1,339,184 have been incurred since the RDA dissolution, including \$10,645 in this year. At year end, the estimated remaining amount is \$526,256.

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, 2020*

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**NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued**

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

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

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

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

At June 30, 2020, the remaining amount of the LMIHAF obligation was \$6,509,239, which will be reduced by \$2,919,938 on July 1, 2020, which was part of the June RPTTF distribution to the Successor Agency for the next six months.

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

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

**Notes to the Basic Financial Statements, Continued**  
**Fiscal Year Ended June 30, 2020****NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued**

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.

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

<b>Loans from the City General Fund to the Redevelopment Agency</b>	<b>Loan Principal</b>	<b>Simple Interest at 3%</b>	<b>Total</b>
1977 Loan Reentered Agreement 2012	\$ 8,689,003	\$ 1,004,918	\$ 9,693,921
Administrative Loan	14,017,916	7,492,753	21,510,669
Plaza Loan	1,500,000	475,721	1,975,721
Loan Balance, June 30, 2020	<u>\$ 24,206,919</u>	<u>\$ 8,973,392</u>	<u>\$ 33,180,310</u>

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

*Notes to the Basic Financial Statements, Continued*  
*Fiscal Year Ended June 30, 2020*

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**NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued**

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 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. 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 \$33,180,310 was reported and fully allowed for by the General Fund.

**NOTE 21 – UNCERTAINTIES**

In March 2020, the World Health Organization declared the coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected organizations and its workforces, as well as the economy and financial markets globally, potentially leading to an economic downturn. It has also disrupted the normal operations of many governmental organizations, including the City. This outbreak decreased revenues and impacted the City’s operations starting March 2020. The City expects this outbreak to adversely impact revenues and operations for future reporting periods. It is not possible for the City to predict the duration or magnitude of the adverse results of the outbreak and its effects on the City or results of operations at this time.

***Notes to the Basic Financial Statements, Continued***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 22 – SUBSEQUENT EVENTS**

***A. Issuance of Lease Revenue Bonds***

On October 22, 2020, the Authority issued 2020 Lease Revenue Bonds (2020 Bonds) in the amount of \$131,200,000 with bond premium of \$19,637,260 to finance the first phase of the City's Civic Center Modernization Project. The first phase is to build a new City Hall and an Emergency Operation Center and to create a new public plaza with increased open space. These buildings are to be designed and built with LEED Platinum and net-zero energy elements. Therefore, the 2020 bonds were designated as Green Bonds. The 2020 Bonds have fixed interest rates 5% in 2024 and 4% until 2040, the final maturity year. The 2020 Bonds are payable from lease revenue paid by the City as lessee to the Authority under the Lease Agreement dated as of November 1, 2020.

***B. WIFIA Loan Agreement Approval***

On October 29, 2020, the City entered into a Water Infrastructure Finance Innovation Act (WIFIA) loan agreement with the US Environmental Protection Agency (EPA) up to the amount of \$220,638,995. The WIFIA established a federal credit program, which is administered by the EPA. The WIFIA provides direct loans to fund water and wastewater infrastructure projects. The WIFIA loan will fund 49% of the Sunnyvale Cleanwater 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. The Loan will have 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.

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, Concluded***  
***Fiscal Year Ended June 30, 2020***

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**NOTE 22 – SUBSEQUENT EVENTS, Continued**

***C. Construction Contract Approval***

On October 27, 2020, the City Council approved a construction contract to Hensel Phelps Construction Co. for the Civic Center Modernization Phase 1 Project in the amount of \$174,117,000. The project began in December 2020, and the expected project completion date is April 2023.

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***Required Supplementary Information*** (Unaudited)

**Required Supplementary Information**  
**Fiscal Year Ended June 30, 2020**

**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, 2020**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive(Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2019</b>	\$ 87,743,380	\$ 123,187,847	\$ 123,187,847	\$ -
<b>Resources (inflows):</b>				
Property Taxes	88,427,248	91,838,996	91,839,181	185
Sales and Use Taxes	30,568,479	27,697,831	28,833,160	1,135,329
Other Taxes	38,329,825	31,921,729	33,109,789	1,188,060
Franchise Fees	7,553,942	7,317,101	7,179,493	(137,608)
Intergovernmental Revenues	697,835	1,372,699	1,324,303	(48,396)
Permits and Licenses	1,548,183	1,864,135	2,130,391	266,256
Fines and Forfeitures	925,148	946,880	1,103,988	157,108
Service Fees	6,635,465	5,510,072	5,538,736	28,664
Rents and Concessions	1,391,144	1,242,576	1,180,839	(61,737)
Investment Earnings	2,056,063	2,234,854	3,458,413	1,223,559
Interfund Revenues	7,511,877	7,511,877	7,511,876	(1)
Other Revenues	9,703,071	9,713,405	529,569	(9,183,836)
Transfers In	30,145,614	15,222,377	13,333,472	(1,888,905)
Total Resources	225,493,894	204,394,532	197,073,210	(7,321,322)
<b>Charges to appropriations (outflows):</b>				
City Attorney	1,807,509	1,807,509	1,751,316	56,193
City Manager	5,182,011	5,182,011	4,794,061	387,950
Community Development	1,562,731	1,562,731	1,334,406	228,325
Finance	10,872,696	10,872,697	10,010,596	862,101
Human Resources	5,071,584	5,071,584	4,485,775	585,809
Library and Community Services	20,134,877	20,134,877	17,846,313	2,288,564
Public Safety	98,342,474	98,366,896	97,403,935	962,961
Public Works	26,181,154	24,669,448	24,516,466	152,982
Environmental Services	2,203,384	2,203,383	1,939,803	263,580
Non-Departmental				
Capital Outlay and Special Projects	22,803,216	45,390,988	20,375,272	25,015,716
Debt Service	3,613	1,203,163	1,239,238	(36,075)
Transfers Out	18,766,536	31,859,439	12,889,628	18,969,811
Total charges to appropriations	212,931,785	248,324,726	198,586,809	49,737,917
Excess of resources over (under) charges to appropriations	12,562,109	(43,930,194)	(1,513,599)	42,416,595
Net amount of resources in nonspendable form converted from cash during the year <sup>1</sup>	-	-	160,517	160,517
<b>Budgetary Fund Balance, June 30, 2020</b>	<b>\$ 100,305,489</b>	<b>\$ 79,257,653</b>	<b>\$ 121,834,765</b>	<b>\$ 42,577,112</b>

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

**Required Supplementary Information, Continued**  
**Fiscal Year Ended June 30, 2020**

**BUDGETARY POLICY AND CONTROL, Continued**

**Budgetary Comparison Schedule - Housing Special Revenue Fund**  
**Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2019</b>	\$ 37,025,239	\$ 56,851,389	\$ 56,851,389	\$ -
<b>Resources (inflows):</b>				
Service Fees	817,558	6,051,047	7,875,830	1,824,783
Interest Income	996,123	1,057,158	1,400,506	343,348
Other Revenues	15,520,426	3,147,829	3,261,437	113,608
Transfer In	250,000	1,538,637	1,538,637	-
Total Resources	17,584,107	11,794,671	14,076,410	2,281,739
<b>Charges to appropriations (outflows):</b>				
Community Development	1,067,693	1,067,693	723,784	343,909
Capital Outlay and Special Projects	280,000	27,479,660	13,868,742	13,610,918
Transfers Out	9,340,872	9,635,419	635,419	9,000,000
Total charges to appropriations	10,688,565	38,182,772	15,227,945	22,954,827
Excess of resources over (under) charges to appropriations	6,895,542	(26,388,101)	(1,151,535)	25,236,566
<b>Budgetary Fund Balance, June 30, 2020</b>	<u>\$ 43,920,781</u>	<u>\$ 30,463,288</u>	<u>\$ 55,699,854</u>	<u>\$ 25,236,566</u>

**Budgetary Comparison Schedule – Park Dedication Special Revenue Fund**  
**Fiscal Year Ended June 30, 2020**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Budgetary Fund Balance, July 1, 2019</b>	\$ 43,789,788	\$ 85,460,782	\$ 85,460,782	\$ -
<b>Resources (inflows):</b>				
Service Fees	36,578,495	25,736,763	25,736,763	-
Interest Income	1,797,149	1,028,105	2,382,013	1,353,908
Total Resources	38,375,644	26,764,868	28,118,776	1,353,908
<b>Charges to appropriations (outflows):</b>				
Capital Outlay and Special Projects	-	7,417,230	7,417,230	-
Transfers Out	20,955,238	63,064,310	6,657,595	56,406,715
Total charges to appropriations	20,955,238	70,481,540	14,074,825	56,406,715
Excess of resources over (under) charges to appropriations	17,420,406	(43,716,672)	14,043,951	57,760,623
<b>Budgetary Fund Balance, June 30, 2020</b>	<u>\$ 61,210,194</u>	<u>\$ 41,744,110</u>	<u>\$ 99,504,733</u>	<u>\$ 57,760,623</u>

**Required Supplementary Information, Continued**  
**Fiscal Year Ended June 30, 2020**

**BUDGETARY POLICY AND CONTROL, Continued**

Budgetary Comparison Schedule - Employment Development Special Revenue  
Fund Fiscal Year Ended June 30, 2020

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>	<b>(Budgetary Basis)</b>	<b>Final Budget Positive (Negative)</b>
<b>Budgetary Fund Balance, July 1, 2019</b>	\$ -	\$ 229,318	\$ 229,318	\$ -
<b>Resources (inflows):</b>				
Intergovernmental Revenues	10,500,000	10,500,000	8,939,482	(1,560,518)
Service Fees	-	-	2,765	2,765
Other Revenues	-	-	(76,851)	(76,851)
Total Resources	10,500,000	10,500,000	8,865,396	(1,634,604)
<b>Charges to appropriations (outflows):</b>				
Workforce Services Department	10,441,805	10,441,805	8,592,432	1,849,373
Transfers Out	-	51,884	355,292	(303,408)
Total charges to appropriations	10,441,805	10,493,689	8,947,724	1,545,965
Excess of resources over (under) charges to appropriations	58,195	6,311	(82,328)	(88,639)
<b>Budgetary Fund Balance, June 30, 2020</b>	\$ 58,195	\$ 235,629	\$ 146,990	\$ (88,639)

See Accompanying Notes to the Budgetary Comparison Schedules

**Required Supplementary Information, Continued**  
**Fiscal Year Ended June 30, 2020**

**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	Employment Development Fund
<b>Sources/Inflow of Resources:</b>				
Actual amounts (budgetary basis) of "total resources" from the budgetary comparison schedule	\$ 197,073,210	\$ 14,076,410	\$ 28,118,776	\$ 8,865,396
Differences - Budget to GAAP				
Loan principal repayments are a budgetary resource but are not revenues for financial reporting purposes	-	(152,619)	-	-
Change in fair value of investments is not a budgetary resource	3,204,323	1,498,422	2,637,932	-
Change in allowance for housing loans is not a budgetary resource	-	(2,948)	-	-
GAAP Reporting Entity Differences:				
- Internal Agency Fund not budgeted in the General Fund	156,074	-	-	-
- Youth and Neighborhood Services not budgeted in the General Fund	256,346	-	-	-
Sinking fund payment to Internal Agency Fund not included for financial reporting	(11,706)	-	-	-
Timing difference for recognition of revenue which has been deferred for financial				
Armory ground lease	82,222	-	-	-
Public Safety sales tax net adjustment	(6,465)	-	-	-
Transfers from other funds for administrative reimbursements are inflows of expenditure reductions for financial reporting	(13,158,925)	-	-	-
Other funds' operating in-lieu payments reported as transfers	(3,235,227)	-	-	-
Transfers between Housing Subfunds are eliminated for financial reporting	-	(1,538,637)	-	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 184,359,852</u>	<u>\$ 13,880,628</u>	<u>\$ 30,756,708</u>	<u>\$ 8,865,396</u>
<b>Uses/Outflows of Resources</b>				
Actual amounts (budgetary basis) of "total charges to appropriations" from the budgetary comparison schedule	\$ 198,586,809	\$ 15,227,945	\$ 14,074,825	\$ 8,947,724
Differences - Budget to GAAP				
GAAP Reporting Entity Differences:				
- Internal Agency Fund not budgeted in the General Fund	21,195	-	-	-
- Youth and Neighborhood Services is not budgeted in the General Fund	104,989	-	-	-
- Disaster/Emergencies not budgeted in the General Fund	2,279,529	-	-	-
Unbudgeted activity - Multimodal Sinking Fund is not budgeted in the General Fund	(11,706)	-	-	-
Unbudgeted activity - Inventory adjustment not budgeted in the General Fund	(53,178)	-	-	-
Loan disbursements are outflows of budgetary resource but are not expenditures for financial reporting purposes	-	(300,000)	-	-
Transfers from other funds for administrative reimbursements are inflows of budgetary resources but are expenditure reductions for financial reporting	(13,158,925)	(544,547)	-	-
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(10,241,420)	-	(6,657,595)	(51,884)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 177,527,293</u>	<u>\$ 14,383,398</u>	<u>\$ 7,417,230</u>	<u>\$ 8,895,840</u>

See Accompanying Notes to the Budgetary Comparison Schedule

***Required Supplementary Information, Continued***  
***Fiscal Year Ended June 30, 2020***

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**Notes to the Budgetary Comparison Schedules**

**1. Budgetary Information**

Sunnyvale's approach to budget preparation is a central part of the City's planning and management. Key elements include:

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

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

- At the midpoint of each year, a public hearing (not legally required) is held by the City Council to obtain budgetary comments from the public early in the budget process
- During May of each year, the City Manager submits to the City Council a recommended budget for the fiscal year commencing July 1. The City Charter requires that the City Council receive the City Manager's budget no later than May 25.
- The City Manager's budget includes recommended expenditures for equipment, operating costs, debt service costs, and capital and special projects for the ensuing year.
- During May of each year the City Council holds a workshop on the budget. The workshop is open to the public.
- During June of each year the City Council holds a public hearing, legally required by the City Charter, where the public may submit written or oral comments regarding the entire budget or portions thereof.
- Prior to June 30 of each year, the budget as modified by the City Council is legally enacted by adoption of a budget resolution.
- The City's budget appropriation control is by program within the same fund for operating programs in the General Fund and Special Revenue Funds. Any unexpended appropriations expire at fiscal year-end unless specifically re-appropriated by the City Council during the new fiscal year.

***Required Supplementary Information, Continued***  
***Fiscal Year Ended June 30, 2020***

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**Notes to the Budgetary Comparison Schedules, Continued**

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

**2. Budgetary Control**

**Legal Level of Budgetary Control**

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

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

**Excess of Expenditures Over Appropriations**

In the Department of Public Works, high water utility expenses at parks, resulted in that program to exceed appropriations. In particular, the program's overage was contributed by sharp increases in water rates where the rate adjustments shifted the majority of cost to the fixed charge for service, better reflecting the costs of operating the City's water system. In the Department of Public Safety, vacancies resulted in a high use of overtime, driving three of nine programs to exceed appropriations. The City has appropriated significant funds to recruit and train public safety officers, where a high number of retirements and corresponding vacancies drove overtime use in the Fire Services program over budget. Additional vacancies in the Administrative Services division as well as higher than anticipated Personnel and Training costs also drove those programs to exceed appropriations in order to maintain critical services to the community.

***Required Supplementary Information, Continued***  
***Fiscal Year Ended June 30, 2020***

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**Notes to the Budgetary Comparison Schedule, Continued**

**3. Budgetary Highlights**

**The General Fund**

The General Fund original appropriations budget (outflows) of \$212,931,785 was modified during the fiscal year to incorporate project, equipment, and transfer carryover of \$22,616,820. Of significance was \$10,110,355 in new appropriations. These changes net against other adjustments during the FY 2020/21 budget development process for a final amended budget of \$248,324,726. The funding sources for these amendments were due to grant revenue, additional revenue estimated during midyear budget adjustments, General Fund savings due to other funding sources, General Fund reserves, and savings from projects and transfers that did not require their full appropriation.

Estimated inflows of resources of the General Fund were also amended during the fiscal year for a net reduction of \$21,099,362 primarily due to midyear adjustments during FY 2020/21 budget development and in particular, significant reductions to Sales and Use Taxes (\$2,870,648), Transient Occupancy Tax (\$6,767,714), and Service Fees (\$1,125,393) as a result of the negative economic impacts of the COVID-19 pandemic. 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. Net other adjustments to revenue estimates, notable increases included an additional \$3,411,748 for Property Taxes.

**The Housing Special Revenue Fund**

The City's Housing Fund original appropriation budget of \$10,688,565 was increased during the fiscal year by \$27,199,660. The final budget included project carryover appropriations of \$13,459,274, which includes a transfer carryover of \$288,637. The transfer carryover represents an interfund transfer that funds the First Time Buyers Loan Project. This transfer is done on a project expenditure basis. The new appropriations for FY 2019/20 were for the Sonora Court Family Housing Project for \$14 million and a \$5,910 transfer to the employee benefits funds as supplemental pension trust contribution.

**The Park Dedication Special Revenue Fund**

The original appropriation budget of the City's Park Dedication Fund was \$20,955,238 and was not modified during the fiscal year with new appropriations. The difference between original and final budgeted transfers represents transfer carryover from the prior fiscal year.



***Required Supplementary Information, Continued***  
***Fiscal Year Ended June 30, 2020*****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:

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

The City policy is to achieve a rating of 75 or over for all streets, which is a “good” or better rating based on Metropolitan Transportation Commission (MTC) Regional standards. The last study report was issued in June 2020 for fiscal year 2020. In that study, the City’s street system was rated at a PCI index of 76 on the average with the detail condition as follows:

<b>Condition</b>	<b>Rating</b>
Excellent	6.8%
Very Good	40.7%
Good	29.4%
Fair	14.2%
At Risk	6.4%
Poor	2.1%
Failed	0.4%

***Required Supplementary Information, Concluded***  
***Fiscal Year Ended June 30, 2020*****MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS, Continued**

While the 2019 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 \$5,746,000 on street maintenance for the fiscal year ended June 30, 2020. 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.

<b>Fiscal Year</b>	<b>Maintenance Estimate</b>	<b>Actual Expenditures</b>	<b>Average PCI Index</b>
2015-2016	\$ 11,174,000	\$ 7,304,000	77
2016-2017	7,838,000	3,967,000	76
2017-2018	11,147,000	7,488,000	76
2018-2019	10,797,000	7,128,000	76
2019-2020	8,048,000	5,746,000	76

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.

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**Required Supplementary Information, Continued**  
**Fiscal Year Ended June 30, 2020**

**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 Years<sup>1</sup>**

Measurement Period	2019
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 11,559,006
Interest on Total Pension Liability	43,217,539
Changes of Assumptions	-
Difference Between Expected and Actual Experience	8,785,490
Benefit Payments, Including Refunds of Employee Contributions	(29,484,250)
<b>Net Change in Total Pension Liability</b>	<b>34,077,785</b>
Total Pension Liability – Beginning	604,618,223
<b>Total Pension Liability – Ending (a)</b>	<b>\$ 638,696,008</b>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions – Employer	\$ 19,631,877
Contributions – Employee	5,467,671
Net Investment Income	28,083,867
Benefit Payments, Including Refunds of Employee Contributions	(29,484,250)
Other Miscellaneous Income (Expense) and Plan to Plan Movement	995
Administrative Expense	(305,720)
<b>Net Change in Fiduciary Net Position</b>	<b>23,394,440</b>
Plan Fiduciary Net Position – Beginning	428,406,853
Plan Fiduciary Net Position – Ending (b)	<b>\$ 451,801,293</b>
<b>Plan Net Pension Liability – Ending (a) - (b)</b>	<b>\$ 186,894,715</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>70.74%</b>
Covered Payroll <sup>2</sup>	\$ 64,370,478
<b>Plan Net Pension Liability as a Percentage of Covered Payroll</b>	<b>290.34%</b>

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> 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, 2018 valuation date.

Change in assumptions - During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50% to 7.65%. There was no change in assumptions during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65% to 7.15%. 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 was no change in assumptions during measurement period 2019.



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

**Required Supplementary Information, Continued**  
**Fiscal Year Ended June 30, 2020**

**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 Years<sup>1</sup>**

Measurement Period	2019
<b>TOTAL PENSION LIABILITY</b>	
Service Cost	\$ 10,590,296
Interest on Total Pension Liability	40,740,521
Changes of Assumptions	-
Difference Between Expected and Actual Experience	4,796,806
Benefit Payments, Including Refunds of Employee Contributions	(29,984,051)
<b>Net Change in Total Pension Liability</b>	<b>26,143,572</b>
Total Pension Liability – Beginning	574,697,561
<b>Total Pension Liability – Ending (a)</b>	<b>\$ 600,841,133</b>
<b>PLAN FIDUCIARY NET POSITION</b>	
Contributions – Employer	\$ 17,722,518
Contributions – Employee	4,108,581
Net Investment Income	25,483,098
Benefit Payments, Including Refunds of Employee Contributions	(29,984,051)
Other Miscellaneous Income (Expense) and Plan to Plan Movement	911
Administrative Expense	(279,325)
<b>Net Change in Fiduciary Net Position</b>	<b>17,051,732</b>
Plan Fiduciary Net Position – Beginning	391,419,016
<b>Plan Fiduciary Net Position – Ending (b)</b>	<b>\$ 408,470,748</b>
<b>Plan Net Pension Liability – Ending (a) - (b)</b>	<b>\$ 192,370,385</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>67.98%</b>
Covered Payroll <sup>2</sup>	\$ 33,702,370
<b>Plan Net Pension Liability as a Percentage of Covered Payroll</b>	<b>570.79%</b>

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> 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, 2018 valuation date.

Change in assumptions - During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50% to 7.65%. There was no change in assumptions during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65% to 7.15%. 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 was no change in assumptions during



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

***Required Supplementary Information, Continued***  
***Fiscal Year Ended June 30, 2020***

**PENSIONS**

**City of Sunnyvale Miscellaneous Plan**  
**Schedule of Plan Contributions for the Fiscal Years Ended June 30**  
**Last 10 Years<sup>1</sup>**

Fiscal Year	2020	2019
Actuarially Determined Contribution	\$ 21,054,095	\$ 18,629,141
Contributions in Relation to the Actuarially Determined Contributions	(21,054,095)	(19,629,141)
Contribution Deficiency (Excess)	\$ -	\$ (1,000,000)
Covered Payroll <sup>2</sup>	\$ 68,396,792	\$ 64,370,478
Contributions as a Percentage of Covered Payroll	30.78%	30.49%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> 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 2020 contribution rates are as follows:

Valuation date	6/30/2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.25% (net of expenses)
Projected Salary Increase	3.3%-14.20% depending on age, service, and type of employment
Inflation	2.625%
Payroll Growth	2.75%
Mortality	Derived using CalPERS membership data for all funds.
Payroll Growth	2.75%
Mortality	Derived using CalPERS membership data for all funds.





<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<u>\$ 16,853,927</u>	<u>\$ 15,147,763</u>	<u>\$ 13,917,203</u>	<u>\$ 12,759,494</u>	<u>\$ 11,511,570</u>
<u>(16,853,927)</u>	<u>(15,147,763)</u>	<u>(14,617,203)</u>	<u>(13,259,494)</u>	<u>(13,538,441)</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (700,000)</u></u>	<u><u>\$ (500,000)</u></u>	<u><u>\$ (2,026,871)</u></u>
\$ 61,107,215	\$ 57,600,952	\$ 55,959,435	\$ 56,387,283	\$ 54,657,753
27.58%	26.30%	26.12%	23.52%	24.77%

**Required Supplementary Information, Continued**  
**Fiscal Year Ended June 30, 2020**

**PENSIONS**

**City of Sunnyvale Safety Plan**  
**Schedule of Plan Contributions for the Fiscal Years Ended June 30**  
**Last 10 Years<sup>1</sup>**

Fiscal Year	2020	2019
Actuarially Determined Contribution	\$ 18,970,255	\$ 16,607,279
Contributions in Relation to the Actuarially Determined Contributions	(18,970,255)	(17,607,279)
Contribution Deficiency (Excess)	\$ -	\$ (1,000,000)
Covered Payroll <sup>2</sup>	\$ 35,898,768	\$ 33,702,370
Contributions as a Percentage of Covered Payroll	52.84%	52.24%

<sup>1</sup> Historical information is required only for measurement periods for which GASB 68 is applicable.

<sup>2</sup> 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 2020 contribution rates are as follows:

Valuation date	6/30/2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.25% (net of expenses)
Projected Salary Increase	3.3%-14.20% depending on age, service, and type of employment
Inflation	2.625%
Payroll Growth	2.75%
Mortality	Derived using CalPERS membership data for all funds.
Payroll Growth	2.75%
Mortality	Derived using CalPERS membership data for all funds.



<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 14,915,295	\$ 13,837,982	\$ 11,934,254	\$ 10,812,835	\$ 10,310,729
(14,915,295)	(13,837,982)	(12,634,254)	(11,312,835)	(12,221,414)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ (500,000)</u>	<u>\$ (1,910,685)</u>
\$ 32,177,671	\$ 33,006,474	\$ 31,449,031	\$ 29,886,011	\$ 31,473,683
46.35%	41.93%	40.17%	37.85%	38.83%

**Required Supplementary Information, Continued**  
**Fiscal Year Ended June 30, 2020**

**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 Years<sup>1</sup>

Measurement Period	2019	2018	2017
<b>Total OPEB liability</b>			
Service Cost	\$ 5,789,853	\$ 5,126,673	\$ 5,288,000
Interest	10,092,406	10,947,288	10,076,000
Differences between Expected and Actual Experience	-	(15,011,718)	-
Changes of Assumptions	-	5,292,216	-
Benefit Payments	(7,211,618)	(7,249,724)	(6,927,000)
<b>Net change in Total OPEB Liability</b>	<b>8,670,641</b>	<b>(895,265)</b>	<b>8,437,000</b>
Total OPEB Liability - Beginning	166,022,735	166,918,000	158,481,000
<b>Total OPEB Liability - Ending (a)</b>	<b>\$174,693,376</b>	<b>\$166,022,735</b>	<b>\$166,918,000</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - Employer	\$ 12,048,370	\$ 11,332,886	\$ 11,170,000
Net Investment Income	6,472,434	6,736,501	7,702,310
Benefit Payments	(7,211,618)	(7,249,724)	(6,927,000)
Administrative Expense	(17,752)	(24,162)	(214,535)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>11,291,434</b>	<b>10,795,501</b>	<b>11,730,775</b>
Plan Fiduciary Net Position-Beginning	93,803,436	83,007,935	71,277,160
<b>Plan Fiduciary Net Position-Ending (b)</b>	<b>\$105,094,870</b>	<b>\$ 93,803,436</b>	<b>\$ 83,007,935</b>
<b>City's Net OPEB liability (a) - (b)</b>	<b>\$ 69,598,506</b>	<b>\$ 72,219,299</b>	<b>\$ 83,910,065</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>	<b>60.16%</b>	<b>56.50%</b>	<b>49.73%</b>
<b>Covered-Employee Payroll (Contributions not based on measure of pay)</b>	<b>\$110,932,793</b>	<b>\$104,981,096</b>	<b>\$ 99,643,412</b>
<b>City's Net OPEB Liability as a Percentage of Covered Employee Payroll</b>	<b>62.74%</b>	<b>68.79%</b>	<b>84.21%</b>

<sup>1</sup> Historical information is required only for measurement periods for which GASB 75 is applicable.

Change in Assumptions: During measurement period 2018, demographic assumptions were updated in accordance to the CalPERS Membership Data 1997-2015 Experience Study. Mortality improvement scale was updated to Scale MP-2018 from MP-2014. The discount rate reduced from 6.5% to 6.0% while inflation rate was lowered from 3.0% to 2.75%. Payroll growth rate reduced from 3.25% to 3.0%. Healthcare trend was also updated. There was no change in assumptions during measurement period 2019.

***Required Supplementary Information, Concluded***  
***Fiscal Year Ended June 30, 2020***

**City of Sunnyvale OPEB Plan**

**Schedule of Plan Contributions for the Fiscal Years Ended June 30**

**Last 10 Years**

Fiscal Year	2020	2019	2018	2017
Actuarially Determined Contribution (ADC)	\$ 11,758,000	\$ 11,818,000	\$ 11,460,000	\$ 8,135,000
Contributions in Relation to the Actuarially Determined Contributions	(12,054,056)	(12,048,370)	(11,308,724)	(9,842,297)
Contribution Deficiency (Excess)	<u>\$ (296,056)</u>	<u>\$ (230,370)</u>	<u>\$ 151,276</u>	<u>\$ (1,707,297)</u>
Covered-Employee Payroll	\$ 114,830,357	\$ 110,932,793	\$ 104,981,095	\$ 99,643,412
Contributions as a Percentage of Covered-Employee Payroll	10.50%	10.86%	10.77%	9.88%

**Notes to Schedule**

Valuation date for funding purposes:	6/30/18
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	6.00% (net of expenses)
Inflation	2.75%
Payroll Growth	3.00% including inflation
Medical Trend	7.5% annually decreasing to 4.0% for retirees not eligible for Medicare. 6.5% annually decreasing to 4.0% for retirees eligible for Medicare.
Mortality	Derived using CalPERS 1997-2015 Experience Study. Mortality Improvement Scale MP-2018.

<sup>1</sup> Historical information is required only for measurement periods for which GASB 75 is applicable.

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## *Supplementary Information*

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***General Fund Budgetary Control***

**CITY OF SUNNYVALE****General Fund Appropriations****Budgetary Comparisons****June 30, 2020**

<b>Description</b>	<b>Final Budget</b>	<b>Actual Expenditures</b>	<b>Variance Positive (Negative)</b>
<b>Equipment</b>			
General Equipment	\$ 510,750	\$ -	\$ 510,750
Recreation Equipment	434,782	86,425	348,357
Public Safety Equipment	3,269,639	420,213	2,849,426
<b>Total Equipment</b>	<b>4,215,171</b>	<b>506,638</b>	<b>3,708,533</b>
<b>Operating Programs</b>			
<b>City Attorney</b>			
Comprehensive Legal Services	1,807,509	1,751,316	56,193
<b>Total City Attorney</b>	<b>1,807,509</b>	<b>1,751,316</b>	<b>56,193</b>
<b>City Manager</b>			
Office of the City Manager	5,182,011	4,794,061	387,950
<b>Total City Manager</b>	<b>5,182,011</b>	<b>4,794,061</b>	<b>387,950</b>
<b>Community Development</b>			
Planning	904,056	560,926	343,130
Community Development Department Management	658,675	773,480	(114,805)
<b>Total Community Development</b>	<b>1,562,731</b>	<b>1,334,406</b>	<b>228,325</b>
<b>Environmental Services</b>			
Regulatory Programs	1,198,674	1,206,597	(7,923)
Environmental Sustainability	419,528	316,054	103,474
Stormwater Collections	585,181	417,152	168,029
<b>Total Environmental Services</b>	<b>2,203,383</b>	<b>1,939,803</b>	<b>263,580</b>
<b>Finance</b>			
Budget Management	980,311	1,001,733	(21,422)
Purchasing	2,001,260	1,807,903	193,357
Financial Management and Analysis	918,568	775,802	142,766
Accounting and Financial Services	2,348,005	2,368,439	(20,434)
Treasury Services			-
Utility Billing	3,601,108	3,353,556	247,552
Audit	241,566	-	241,566
Non Utility Revenue Mgmt & Special Proj	781,879	703,163	78,716
<b>Total Finance</b>	<b>10,872,697</b>	<b>10,010,596</b>	<b>862,101</b>
<b>Human Resources</b>			
Human Resources	5,071,584	4,485,775	585,809
<b>Total Human Resources</b>	<b>5,071,584</b>	<b>4,485,775</b>	<b>585,809</b>
<b>Library and Community Services</b>			
Library	10,201,226	9,288,902	912,324
Community Services	9,933,651	8,557,411	1,376,240
<b>Total Library and Community Services</b>	<b>20,134,877</b>	<b>17,846,313</b>	<b>2,288,564</b>

**CITY OF SUNNYVALE****General Fund Appropriations****Budgetary Comparisons****June 30, 2020**

<b>Description</b>	<b>Final Budget</b>	<b>Actual Expenditures</b>	<b>Variance Positive (Negative)</b>
<b>Public Safety</b>			
Fire Services	34,419,748	34,380,393	39,355
Community Safety Services	2,984,788	2,749,363	235,425
Personnel and Training	2,516,728	2,510,364	6,364
Investigation Services	5,562,650	5,455,353	107,297
Communication Services	5,209,704	4,356,760	852,944
Public Safety Administrative Services	6,693,332	6,520,466	172,866
Records Management and Property Services	2,463,551	2,455,269	8,282
Fire Prevention and Hazardous Material Services	2,636,827	2,091,144	545,683
Police Services	34,060,715	33,622,480	438,235
Community Preservation Services	1,818,853	1,681,008	137,845
<b>Total Public Safety</b>	<b>98,366,896</b>	<b>95,822,600</b>	<b>1,968,216</b>
<b>Public Works</b>			
Transportation and Traffic Services	3,205,205	3,062,084	143,121
Pavement Maintenance, Traffic Signs and Markings	5,722,045	6,021,555	(299,510)
Street Lights	2,615,114	2,055,329	559,785
Street Tree Services	2,274,843	2,200,627	74,216
Neighborhood Parks and Open Space Management	11,592,409	11,941,446	(349,037)
Public Works Administration	759,832	816,760	(56,928)
<b>Total Public Works</b>	<b>26,169,448</b>	<b>26,097,801</b>	<b>71,647</b>
<b>Total Operating Programs</b>	<b>171,371,136</b>	<b>164,082,671</b>	<b>7,288,465</b>
<b>Transfers Out</b>			
Capital Projects Fund-General Assets	3,990,964	1,390,321	2,600,643
General Services Fund - Fleet			-
General Services - Fund Tech & Communication Services			-
General Services Fund - Proj Mgmt Serv	206,553	619,575	(413,022)
HOME			
Infrastructure Fund - General Assets	19,850,574	4,647,036	15,203,538
Infrastructure Fund - Solid Waste	109,935	3,057	106,878
Infrastructure Fund - Wastewater	11,385	6,934	4,451
Liability and Property Insurance Fund	1,850,871	1,850,871	-
Youth and Neighborhood Services Fund	796,630	796,630	-
Community Recreation Fund - Golf	1,702,490	1,659,628	42,862
Community Recreation Fund	356,000	354,392	1,608
Pension Trust	1,235,716	1,235,716	-
Employee Leave Benefits	664,761	324,761	340,000
Utilities Fund - Sewer	1,083,561.00		1,083,561
<b>Total Transfers Out</b>	<b>31,859,440</b>	<b>12,888,921</b>	<b>18,970,519</b>
<b>Parking COP Lease Payments</b>			
Financial Services	-	3,613	(3,613)
<b>Total Lease Payments</b>	<b>-</b>	<b>3,613</b>	<b>(3,613)</b>
<b>Non-Departmental Expenditures</b>			
RDA Lease Expenditure	1,203,163	1,235,625	(32,462)
Misc oca 799000&799691	-	707	(707)
<b>Total Non-Departmental Expenditures</b>	<b>1,203,163</b>	<b>1,236,332</b>	<b>(33,169)</b>

Continued

**CITY OF SUNNYVALE****General Fund Appropriations****Budgetary Comparisons****June 30, 2020**

<b>Description</b>	<b>Final Budget</b>	<b>Actual Expenditures</b>	<b>Variance Positive (Negative)</b>
<b>Projects</b>			
<i>Infrastructure Projects</i>			
Illuminated Street Sign Replacement	325,089	-	325,089
Public Safety Emergency Generator	2,856,443	236,114	2,620,329
Replac/Repair/Rehab of Storm Drain - GF	578,462	9,037	569,425
Traffic Signal Maintenance Services Aug	565,213	335,632	229,581
Library PA System Modernization	100,000	-	100,000
ADA Upgrades in CNC	5,000	-	5,000
<i>Outside Group Funding Projects</i>			
Leadership Sunnyvale [GF]	6,667	6,000	667
Outside Group Funding Support [GF]	(5,383)	133,362	(138,745)
Dispute Resolution Services	45,000	45,000	-
Iizuka Sister City Engagement Funding	14,085	1,030	13,055
<i>Capital Projects</i>			
Utility Undergrounding Cost Sharing	308,945	-	308,945
RDA Counsel Fees	26,457	5,054	21,403
ADA Transition Plan	28,378	-	28,378
Implementation of Green Bike Lanes	96,091	-	96,091
Grade Separation Caltrain Crossings at Mary Ave. Study Issue	405,539	13,092	392,447
Vision Zero Plan - Study Issue	-	5,409	(5,409)
Installation of Charging Station	144,297	17,500	126,797
Library LED Lighting Conversion	147,916	80,835	67,081
Library Plumbing Study	35,050	2,060	32,990
Bicycle Master Plan Update	350,000	42,158	307,842
Storm System Trash Control Devices - GF	600,000	-	600,000
Green Streets for Stormwater - General F	753,740	443,015	310,725
Traffic Signal Specifications and Standa	70,000	-	70,000
Safe Routes to School & Pedestian Safety	300,000	-	300,000
Fifteen MPH Speed Limits Near Schools	42,900	36,901	5,999
Library Restroom Renovation	424,483	-	424,483
Library Program Space	210,633	4,998	205,635
344 Charles Street Renovation	75,000	35,813	39,187
Airplane Noise Monitoring System	258,792	70,580	188,212
Organizational Development	60,000	-	60,000
Library Security Cameras	45,000	-	45,000
Homestead Road Full Time Bike Lane Study	150,000	-	150,000
Water Level Monitors for Storm Drain	27,000	22,364	4,636
Interactive Voice Response for Utilities	5,000	-	5,000
Utility Billing Reporting Tool	200,000	17,620	182,380
Electronic Plan Review Software Hardware	25,600	-	25,600
Acquisition of 725 Kifer Road (SCS)	5,830,000	5,802,907	27,093
<i>Special Projects</i>			
Library Foundation Program Grant	232,362	-	232,362
Maintenance of City Owned Properties - Downtown	7,005	10,043	(3,038)
Bicycle Map Revision	60,150	-	60,150
239 - 241 Commercial Street Property Maintenance	29,899	1,047	28,852
General Plan Updates	279,723	104,997	174,726
FY 14-15 Recruitment and Training for Sworn Officers	156,983	-	156,983
FY 15-16 Recruitment and Training for Sworn Officers	572,414	-	572,414
FY 17-18 Recruitment and Training for Sworn Officers	1,524,177	882,563	641,614
FY 18-19 Recruitment and Training for Sworn Officers	7,076,802	5,464,204	1,612,598

Continued

**CITY OF SUNNYVALE****General Fund Appropriations****Budgetary Comparisons****June 30, 2020**

<b>Description</b>	<b>Final Budget</b>	<b>Actual Expenditures</b>	<b>Variance Positive (Negative)</b>
Town Center Construction - Public Works Services	39,544	29,038	10,506
California Environmental Reporting System (CERS) Grant	8,852	8,852	-
Emergency Medical Dispatch First Responder Incentive Funding	385,802	28,303	357,499
Downtown Association	40,000	40,000	-
Council Set Aside	188,274	-	188,274
EMS Patient Care Data System	75,827	3,487	72,340
Comprehensive Update of the Precise Plan for El Camino Real	209,814	25,928	183,886
Climate Action Plan Implementation	873,677	189,115	684,562
Minimum Wage Enforcement Agreement	64,524	-	64,524
Recreation Fee Waiver	72,241	26,910	45,331
Website Redesign	177,932	3,038	174,894
DPS Body Worn Cameras	2,622	-	2,622
Channel 26 Public Access Program	23,416	16,250	7,166
Electronic Records Management	80,000	39,387	40,613
Arts Master Plan	19,350	4,000	15,350
Annual State of the City	47,794	40,618	7,176
Stevens Creek Fish Passage Improvement Project	9,900	9,900	-
Google-Funded Staff for Transportation	781,517	76,797	704,720
Fire Prevention (Non Hazmat) Technology Project	40,522	6,074	34,448
Fire Prevention (Hazmat) Technology Project	55,273	13,069	42,204
Office of Emergency Services	185,050	50,737	134,313
Safe Routes to School Program	227,011	20,889	206,122
Sustainability Speaker Series	48,116	18,916	29,200
Silicon Valley Healthy Aging Partnership	(382)	33,830	(34,212)
FY16/17 BSCC City Law Enforcement Grant	7,264	7,253	11
AMD Grant Funds to Columbia Neighborhood Center	9,300	9,300	-
Pilot Grant Writer at CNC	151,590	94,639	56,951
CAP and Green Building Updates	45,900	-	45,900
Peery Park Housing Study	102,000	-	102,000
Economic Development Strategy	112,728	85,767	26,961
Charter Assessment	690,440	599,863	90,577
Fire Station 2 Training Trailer Maintenance	16,488	-	16,488
DPS Alarm Permitting, Billing	50,000	39,928	10,072
2017 Housing Strategy	99,640	88,274	11,366
Downtown Development Policies	(5,005)	-	(5,005)
Lawrence Station Area Plan - H	552,217	307,387	244,830
SCVURPPP Contracting and Fiscal Agent GF	50,000	24,285	25,715
FY19-37 Recruitment & Training for Sworn	75,729	-	75,729
Storm System Trash Reduction Prog - GF	163,638	149,490	14,148
Pricing&Revenue Strategy for Recreation	32,424	-	32,424
Acquire Control Caltran Traf Signals ECR	250,000	19,247	230,753
Orchard Heritage Park & Museum Analysis	350,000	-	350,000
Analysis of Sunnyvale Golf Program Study	50,000	20,515	29,485
OTS Bike/Ped Grant FY 2018/19	25,640	6,178	19,462
OTS STEP Grant FY 2018/19	83,022	37,845	45,177
FY2018/19 SCCPH Tobacco Decoy Operations	22,314	4,961	17,353
Early Literacy Kits/Programming	5,985	5,985	-
SC/S. Cruz Counties Airport/Com Roundtab	59,272	-	59,272
FY 18/19 Tobacco Study - Flavor Products	56,914	34,318	22,596
Digital Literacy	312,089	62,000	250,089
Library Charger Kiosk	22,243	22,242	1
Pop-Up Programs for Lunch at the Library	2,936	2,780	156
Library Services to Immigrant Population	5,000	4,779	221

Continued

**CITY OF SUNNYVALE****General Fund Appropriations****Budgetary Comparisons****June 30, 2020**

<b>Description</b>	<b>Final Budget</b>	<b>Actual Expenditures</b>	<b>Variance Positive (Negative)</b>
FY 19/20 Recruitment & Training	6,527,465	2,543,819	3,983,646
FY 20/21 Recruitment & Training	204,859	3,614	201,245
DPS Headquarter Records Unit Workstation	64,537	32,698	31,839
Armored Response Vehicle Glass Replace	20,100	20,033	67
Census 2020 Complete Count Efforts	35,000	20,460	14,540
DPS Property Access Panel	35,000	35,000	-
Fire Station 2 and 4 Interior Painting	40,000	27,609	12,391
Legislative Advocacy Efforts	70,000	-	70,000
GIS Onetime Support	135,000	17,779	117,221
Evaluation of Right to Lease Ordinance	60,000	-	60,000
Update to Heritage Resource Inventory	75,000	-	75,000
Responsible Construction Ordinance	25,000	7,916	17,084
Location for Youth Cricket Batting Cages	25,000	-	25,000
Improving Traffic at Fremont/Bernardo/85	150,000	-	150,000
Feasibility of Establishing an Eruv	50,000	-	50,000
Evaluate Business Licensure Tax Options	50,000	-	50,000
Strategies to Promote Cultural Inclusion	30,000	-	30,000
FY 18/19 CERT/LISTOS Grant Project	30,000	2,889	27,111
FY19/20 OTS STEP Grant PT20126	76,000	16,033	59,967
FY19/20 OTS Bike/Ped Grant PS20021	45,500	4,021	41,479
Seasonal Ice Rink in Downtown Sunnyvale	100,000	100,000	-
North County Gun Buyback Program	90,000	45,254	44,746
GSI Plan Implementation	100,000	-	100,000
SCS Emergency Assistance Grant	250,000	250,000	-
Sunnyvale COVID 19 Business Assistance	600,000	600,000	-
Sunnyvale COVID 19 Non-profit Assistance	150,000	-	150,000
Tasman Drive Temporary Lane Closure	30,000	-	30,000
<b>Total Projects</b>	<b>41,175,817</b>	<b>19,868,634</b>	<b>21,307,183</b>
<b>Total Appropriations</b>	<b>\$ 249,824,727</b>	<b>\$ 198,586,809</b>	<b>\$ 51,237,918</b>

Concluded

## ***Nonmajor Governmental Funds***

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

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

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

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

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

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

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

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

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

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

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## ***Nonmajor Governmental Funds***

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

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

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

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

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

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

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

**CITY OF SUNNYVALE**
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	Special Revenue			
	Community Development Block Grant	HOME Grant	Low and Moderate Income Housing Asset	Asset Forfeiture
<b>Assets:</b>				
Deposits and Investments Held by City	\$ 311,557	\$ 983,553	\$ 2,166,275	\$ 94,514
Deposits and Investments Held by Fiscal Agent	-	-	-	-
Receivables	925	5,697	16,926	461
Intergovernmental Receivables	308,656	16,458	-	-
Housing Deficits Receivable	-	-	6,509,239	-
Housing Loans Receivable	12,513,404	13,087,882	-	-
<b>Total Assets</b>	<b>\$ 13,134,542</b>	<b>\$ 14,093,590</b>	<b>\$ 8,692,440</b>	<b>\$ 94,975</b>
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	263,099	-	47,385	17,136
Due to Other Funds	-	-	-	-
<b>Total Liabilities</b>	<b>263,099</b>	<b>-</b>	<b>47,385</b>	<b>17,136</b>
<b>Deferred Inflows of Resources</b>	<b>3,415,592</b>	<b>2,944,885</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	-	-
Restricted	9,455,851	11,148,705	8,645,055	77,839
<b>Total Fund Balances</b>	<b>9,455,851</b>	<b>11,148,705</b>	<b>8,645,055</b>	<b>77,839</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 13,134,542</b>	<b>\$ 14,093,590</b>	<b>\$ 8,692,440</b>	<b>\$ 94,975</b>

Continued


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**Special Revenue**

<b>Police Services Augmentation</b>	<b>Parking District</b>	<b>Gas Tax</b>	<b>Road Maintenance and Rehabilitation Account</b>	<b>Transportation Development Act</b>
\$ 113,125	\$ 743,095	\$ 6,330,164	\$ 3,044,795	\$ -
-	-	-	-	-
85	3,462	26,306	15,456	-
133,743	4	-	411,450	41,153
-	-	-	-	-
-	-	-	-	-
<u>\$ 246,953</u>	<u>\$ 746,561</u>	<u>\$ 6,356,470</u>	<u>\$ 3,471,701</u>	<u>\$ 41,153</u>
-	401	-	-	15,568
-	-	-	-	25,585
-	401	-	-	41,153
133,743	-	-	-	-
-	-	-	-	-
113,210	746,160	6,356,470	3,471,701	-
113,210	746,160	6,356,470	3,471,701	-
<u>\$ 246,953</u>	<u>\$ 746,561</u>	<u>\$ 6,356,470</u>	<u>\$ 3,471,701</u>	<u>\$ 41,153</u>

Continued

**CITY OF SUNNYVALE**
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

	<b>Special Revenue</b>		<b>Permanent</b>	
	<b>VRF Local Road Improvement Program</b>	<b>2016 Measure B Santa Clara VTA</b>	<b>Swirsky Youth Opportunity</b>	<b>Fremont Pool</b>
<b>Assets:</b>				
Deposits and Investments Held by City	\$ 1,355,660	\$ -	\$ 549,058	\$ 1,067,821
Deposits and Investments Held by Fiscal Agent	-	-	-	-
Receivables	3,704	-	2,958	5,752
Intergovernmental Receivables	-	1,791,794	-	-
Housing Deficits Receivable	-	-	-	-
Housing Loans Receivable	-	-	-	-
<b>Total Assets</b>	<b>\$ 1,359,364</b>	<b>\$ 1,791,794</b>	<b>\$ 552,016</b>	<b>\$ 1,073,573</b>
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	-	-	-	-
Due to Other Funds	-	1,791,794	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>1,791,794</b>	<b>-</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances:</b>				
Nonspendable	-	-	552,016	1,073,573
Restricted	1,359,364	-	-	-
<b>Total Fund Balances</b>	<b>1,359,364</b>	<b>-</b>	<b>552,016</b>	<b>1,073,573</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 1,359,364</b>	<b>\$ 1,791,794</b>	<b>\$ 552,016</b>	<b>\$ 1,073,573</b>

Continued


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<u>Debt Service Government Center Certificates of Participation</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 16,759,617
1,189,865	1,189,865
1,704	83,436
-	2,703,258
-	6,509,239
-	25,601,286
<u>\$ 1,191,569</u>	<u>\$ 52,846,701</u>
7,151	350,740
<u>87,024</u>	<u>1,904,403</u>
94,175	2,255,143
<u>-</u>	<u>6,494,220</u>
-	1,625,589
<u>1,097,394</u>	<u>42,471,749</u>
1,097,394	44,097,338
<u>\$ 1,191,569</u>	<u>\$ 52,846,701</u>

Concluded

**CITY OF SUNNYVALE**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2020**

	Special Revenue		
	Community Development Block Grant	HOME Grant	Low and Moderate Income Housing Asset
<b>Revenues:</b>			
Intergovernmental Revenues	\$ 1,727,799	\$ 81,139	\$ -
Service Fees	-	-	-
Investment Earnings	-	25,175	130,492
Other Revenues	645,674	43,298	-
<b>Total Revenues</b>	<b>2,373,473</b>	<b>149,612</b>	<b>130,492</b>
<b>Expenditures:</b>			
Current:			
Planning and Management	15,364	4,017	2,851
Public Safety	-	-	-
Community Development	698,738	547,739	278,714
Transportation	-	-	-
Socioeconomic	449,273	-	-
Environmental Management	-	-	-
Capital Outlay	978,250	-	-
Debt Service:			
Principal Retirement	-	-	-
Interest	-	-	-
Fiscal Charges	-	-	-
<b>Total Expenditures</b>	<b>2,141,625</b>	<b>551,756</b>	<b>281,565</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>231,848</b>	<b>(402,144)</b>	<b>(151,073)</b>
<b>Other Financing Sources (Uses):</b>			
Transfers In	-	-	-
Transfers Out	-	-	(1,000,000)
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>(1,000,000)</b>
<b>Net Change in Fund Balances</b>	<b>231,848</b>	<b>(402,144)</b>	<b>(1,151,073)</b>
<b>Fund Balances, Beginning of Year</b>	<b>9,224,003</b>	<b>11,550,849</b>	<b>9,796,128</b>
<b>Fund Balances - End of Year</b>	<b>\$ 9,455,851</b>	<b>\$ 11,148,705</b>	<b>\$ 8,645,055</b>

Continued



Special Revenue

Asset Forfeiture	Police Services Augmentation	Parking District	Gas Tax	Road Maintenance and Rehabilitation Account	Transportation Development Act
\$ -	\$ 366,195	\$ -	\$ 3,539,945	\$ 2,694,402	\$ 41,153
-	-	198,998	-	-	-
2,035	384	15,307	278,747	68,445	-
38,757	-	-	-	-	-
40,792	366,579	214,305	3,818,692	2,762,847	41,153
-	-	11,642	-	-	-
28,182	263,609	-	-	-	-
-	-	79,176	-	-	-
-	-	-	1,581,335	-	-
-	-	-	-	-	-
-	-	5,049	-	-	-
68,045	-	-	-	-	41,153
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
96,227	263,609	95,867	1,581,335	-	41,153
(55,435)	102,970	118,438	2,237,357	2,762,847	-
-	-	-	-	-	-
-	-	-	(1,477,166)	(1,338,772)	-
-	-	-	(1,477,166)	(1,338,772)	-
(55,435)	102,970	118,438	760,191	1,424,075	-
133,274	10,240	627,722	5,596,279	2,047,626	-
\$ 77,839	\$ 113,210	\$ 746,160	\$ 6,356,470	\$ 3,471,701	\$ -

Continued

**CITY OF SUNNYVALE**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
Year Ended June 30, 2020**

	Special Revenue		Permanent	
	VRF Local Road Improvement Program	2016 Measure B Santa Clara VTA	Swirsky Youth Opportunity	Fremont Pool
<b>Revenues:</b>				
Intergovernmental Revenues	\$ 1,042,454	\$ 2,463,401	\$ -	\$ -
Service Fees	-	-	-	-
Investment Earnings	16,401	-	13,074	25,427
Other Revenues	-	-	-	-
<b>Total Revenues</b>	<b>1,058,855</b>	<b>2,463,401</b>	<b>13,074</b>	<b>25,427</b>
<b>Expenditures:</b>				
Current:				
Planning and Management	-	-	-	-
Public Safety	-	-	-	-
Community Development	-	-	-	-
Transportation	-	-	-	-
Socioeconomic	-	-	-	-
Environmental Management	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,058,855</b>	<b>2,463,401</b>	<b>13,074</b>	<b>25,427</b>
<b>Other Financing Sources (Uses):</b>				
Transfers In	-	-	-	-
Transfers Out	(165,132)	(2,463,401)	(13,074)	(25,427)
<b>Total Other Financing Sources (Uses)</b>	<b>(165,132)</b>	<b>(2,463,401)</b>	<b>(13,074)</b>	<b>(25,427)</b>
<b>Net Change in Fund Balances</b>	<b>893,723</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances, Beginning of Year</b>	<b>465,641</b>	<b>-</b>	<b>552,016</b>	<b>1,073,573</b>
<b>Fund Balances - End of Year</b>	<b>\$ 1,359,364</b>	<b>\$ -</b>	<b>\$ 552,016</b>	<b>\$ 1,073,573</b>

Continued




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<b>Debt Service</b>		
<b>Government</b>		<b>Total</b>
<b>Center</b>		<b>Nonmajor</b>
<b>Certificates of</b>		<b>Governmental</b>
<b>Participation</b>		<b>Funds</b>
\$ -	\$	11,956,488
-		198,998
33,559		609,046
-		727,729
33,559		13,492,261
-		33,874
-		291,791
-		1,604,367
-		1,581,335
-		449,273
-		5,049
-		1,087,448
680,000		680,000
111,804		111,804
78,952		78,952
870,756		5,923,893
(837,197)		7,568,368
837,197		837,197
-		(6,482,972)
837,197		(5,645,775)
-		1,922,593
1,097,394		42,174,745
\$ 1,097,394	\$	44,097,338

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, 2020**

	Community Development Block Grant			HOME Grant		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
<b>Revenues:</b>						
Intergovernmental Revenues	\$ 2,869,239	\$ 1,727,799	\$ (1,141,440)	\$ 1,118,724	\$ 81,139	\$ (1,037,585)
Fines and Forfeitures	-	-	-	-	-	-
Service Fees	-	-	-	-	-	-
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	-	-	-	30,967	25,175	(5,792)
Other Revenues	1,073,021	1,158,053	85,032	489,417	489,417	-
<b>Total Revenues</b>	<b>3,942,260</b>	<b>2,885,852</b>	<b>(1,056,408)</b>	<b>1,639,108</b>	<b>595,731</b>	<b>(1,043,377)</b>
<b>Expenditures:</b>						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	405,098	352,651	52,447	88,212	77,122	11,090
Public Works	-	-	-	-	-	-
Library and Community Services	-	-	-	-	-	-
Capital Outlay and Special Projects	2,939,256	2,691,809	247,447	900,423	470,618	429,805
<b>Total Expenditures</b>	<b>3,344,354</b>	<b>3,044,460</b>	<b>299,894</b>	<b>988,635</b>	<b>547,740</b>	<b>440,895</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>597,906</b>	<b>(158,608)</b>	<b>(756,514)</b>	<b>650,473</b>	<b>47,991</b>	<b>(602,482)</b>
<b>Other Financing Sources (Uses):</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	(23,039)	(15,364)	7,675	(5,520)	(4,017)	1,503
<b>Total Other Financing Sources (Uses)</b>	<b>(23,039)</b>	<b>(15,364)</b>	<b>7,675</b>	<b>(5,520)</b>	<b>(4,017)</b>	<b>1,503</b>
<b>Net Change in Fund Balances</b>	<b>\$ 574,867</b>	<b>(173,972)</b>	<b>\$ (748,839)</b>	<b>\$ 644,953</b>	<b>43,974</b>	<b>\$ (600,979)</b>
<b>Fund Balances - Beginning of Year</b>		<b>517,709</b>			<b>961,733</b>	
<b>Fund Balances - End of Year</b>		<b>\$ 343,737 *</b>			<b>\$ 1,005,707 *</b>	

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

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Low and Moderate Income Housing Asset			Asset Forfeiture			Police Services Augmentation		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 351,969	\$ 366,195	14,226
-	-	-	38,757	-	(38,757)	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
33,755	74,804	41,049	2,035	2,035	-	-	384	384
2,557,519	2,557,519	-	-	38,757	38,757	-	-	-
<u>2,591,274</u>	<u>2,632,323</u>	<u>41,049</u>	<u>40,792</u>	<u>40,792</u>	<u>-</u>	<u>351,969</u>	<u>366,579</u>	<u>14,610</u>
-	-	-	2,050	1,909	141	265,839	263,609	2,230
48,580	278,714	(230,134)	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
250,000	250,000	-	99,251	94,318	4,933	-	-	-
<u>298,580</u>	<u>528,714</u>	<u>(230,134)</u>	<u>101,301</u>	<u>96,227</u>	<u>5,074</u>	<u>265,839</u>	<u>263,609</u>	<u>2,230</u>
<u>2,292,694</u>	<u>2,103,609</u>	<u>271,183</u>	<u>(60,509)</u>	<u>(55,435)</u>	<u>5,074</u>	<u>86,130</u>	<u>102,970</u>	<u>16,840</u>
-	-	-	-	-	-	-	-	-
(1,002,851)	(1,002,851)	-	-	-	-	-	-	-
<u>(1,002,851)</u>	<u>(1,002,851)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 1,289,843</u>	<u>1,100,758</u>	<u>\$ 271,183</u>	<u>\$ (60,509)</u>	<u>(55,435)</u>	<u>\$ 5,074</u>	<u>\$ 86,130</u>	<u>102,970</u>	<u>\$ 16,840</u>
	722,147			105,852			10,241	
	<u>\$ 1,822,905</u>			<u>\$ 50,417</u>			<u>\$ 113,211</u>	

Continued

**CITY OF SUNNYVALE**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
Nonmajor Special Revenue Funds  
Year Ended June 30, 2020**

	Parking District			Gas Tax		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
<b>Revenues:</b>						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 3,812,544	\$ 3,539,945	\$ (272,599)
Fines and Forfeitures	-	-	-	-	-	-
Service Fees	203,522	198,998	(4,524)	-	-	-
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	16,216	15,307	(909)	92,935	116,131	23,196
Other Revenues	-	-	-	-	-	-
<b>Total Revenues</b>	<b>219,738</b>	<b>214,305</b>	<b>(5,433)</b>	<b>3,905,479</b>	<b>3,656,076</b>	<b>(249,403)</b>
<b>Expenditures:</b>						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	135,872	84,226	51,646	-	-	-
Library and Community Services	-	-	-	-	-	-
Capital Outlay and Special Projects	161,466	-	161,466	737,498	-	737,498
<b>Total Expenditures</b>	<b>297,338</b>	<b>84,226</b>	<b>213,112</b>	<b>737,498</b>	<b>-</b>	<b>737,498</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(77,600)</b>	<b>130,079</b>	<b>207,679</b>	<b>3,167,981</b>	<b>3,656,076</b>	<b>488,095</b>
<b>Other Financing Sources (Uses):</b>						
Transfers In	-	-	-	-	-	-
Transfers Out	(11,642)	(11,642)	(0)	(6,175,290)	(3,058,501)	3,116,789
<b>Total Other Financing Sources (Uses)</b>	<b>(11,642)</b>	<b>(11,642)</b>	<b>(0)</b>	<b>(6,175,290)</b>	<b>(3,058,501)</b>	<b>3,116,789</b>
<b>Net Change in Fund Balances</b>	<b>\$ (89,241)</b>	<b>118,437</b>	<b>\$ 207,678</b>	<b>\$ (3,007,309)</b>	<b>597,575</b>	<b>\$ 3,604,884</b>
<b>Fund Balances - Beginning of Year</b>		<b>627,721</b>			<b>5,525,116</b>	
<b>Fund Balances - End of Year</b>		<b>\$ 746,158</b>			<b>\$ 6,122,691</b>	

Continued


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Road Maintenance and Rehabilitation			Transporation Development Act			VRF Local Road Improvement Program		
Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
\$ 2,866,025	\$ 2,694,401	\$ (171,624)	\$ 293,599	\$ 41,153	\$ (252,446)	\$ 944,738	\$ 1,042,454	\$ 97,716
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	68,446	68,446	-	-	-	-	16,403	16,403
-	-	-	-	-	-	-	-	-
2,866,025	2,762,847	(103,178)	293,599	41,153	(252,446)	944,738	1,058,857	114,119
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	-	-	120,887	41,153	79,734	-	-	-
-	-	-	120,887	41,153	79,734	-	-	-
2,866,025	2,762,847	(103,178)	172,712	-	(172,712)	944,738	1,058,857	114,119
-	-	-	-	-	-	-	-	-
(4,913,651)	(1,338,772)	3,574,879	(172,712)	-	172,712	(944,738)	(165,132)	779,606
(4,913,651)	(1,338,772)	3,574,879	(172,712)	-	172,712	(944,738)	(165,132)	779,606
\$ (2,047,626)	1,424,075	\$ 3,471,701	\$ -	-	\$ -	\$ -	893,725	\$ 893,725
	2,047,626			-			465,640	
	\$ 3,471,701			\$ -			\$ 1,359,365	

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, 2020**

	2016 Measure B Santa Clara VTA			Youth And Neighborhood Services Fund**		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
<b>Revenues:</b>						
Intergovernmental Revenues	\$ 3,103,146	\$ 2,463,401	\$ (639,745)	\$ 140,987	\$ 178,573	\$ 37,586
Fines and Forfeitures	-	-	-	-	-	-
Service Fees	-	-	-	33,012	20,783	(12,229)
Rents and Concessions	-	-	-	62,118	43,719	(18,399)
Investment Earnings	-	-	-	12,755	12,006	(749)
Other Revenues	-	-	-	969	1,266	297
<b>Total Revenues</b>	<b>3,103,146</b>	<b>2,463,401</b>	<b>(639,745)</b>	<b>249,841</b>	<b>256,347</b>	<b>6,506</b>
<b>Expenditures:</b>						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Library and Community Services	-	-	-	900,613	885,130	15,483
Capital Outlay and Special Projects	239,120	-	239,120	16,488	16,488	-
<b>Total Expenditures</b>	<b>239,120</b>	<b>-</b>	<b>239,120</b>	<b>917,101</b>	<b>901,618</b>	<b>15,483</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,864,026</b>	<b>2,463,401</b>	<b>(400,625)</b>	<b>(667,260)</b>	<b>(645,271)</b>	<b>21,989</b>
<b>Other Financing Sources (Uses):</b>						
Transfers In	-	-	-	796,630	796,630	-
Transfers Out	(2,864,026)	(2,463,401)	400,625	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,864,026)</b>	<b>(2,463,401)</b>	<b>400,625</b>	<b>796,630</b>	<b>796,630</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ 129,370</b>	<b>151,359</b>	<b>\$ 21,989</b>
<b>Fund Balances - Beginning of Year</b>		<b>-</b>			<b>294,429</b>	
<b>Fund Balances - End of Year</b>		<b>\$ -</b>			<b>\$ 445,788</b>	

\*\* Youth And Neighborhood Services Fund is reported as part of General Fund on GAAP basis.

Concluded

**CITY OF SUNNYVALE**

***Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual***  
***Nonmajor Debt Service Fund***  
***Year Ended June 30, 2020***

	<b>Government Center Certificates of Participation</b>		
	<b>Budget</b>	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Investment Earnings	\$ -	\$ 8,088	\$ 8,088
<b>Total Revenues</b>	<b>-</b>	<b>8,088</b>	<b>8,088</b>
<b>Expenditures:</b>			
Debt Service			
Principal Retirement	-	680,000	(680,000)
Interest	-	111,804	(111,804)
Fiscal Charges	-	78,952	(78,952)
<b>Total Expenditures</b>	<b>-</b>	<b>870,756</b>	<b>(870,756)</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>(862,668)</b>	<b>878,844</b>
<b>Other Financing Sources:</b>			
Transfers in - Water Supply and Distribution	746,421	68,393	678,028
Transfers in - Wastewater Management	-	46,950	(46,950)
Transfers in - Solid Waste Management	-	69,501	(69,501)
Transfers in - Internal Service General Services	-	739,377	(739,377)
<b>Total Other Financing Sources (Uses)</b>	<b>746,421</b>	<b>924,221</b>	<b>(177,800)</b>
<b>Net Change in Fund Balances</b>	<b>\$ 746,421</b>	<b>61,553</b>	<b>\$ 701,044</b>
<b>Fund Balances - Beginning of Year</b>		<b>1,119,443</b>	
<b>Fund Balances - End of Year</b>		<b>\$ 1,180,996</b>	

**CITY OF SUNNYVALE**

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**Nonmajor Permanent Funds**  
**Year Ended June 30, 2020**

	<b>Swirsky Youth Opportunity</b>			<b>Fremont Pool</b>		
	<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance Positive (Negative)</b>		<b>Actual Amounts (Budgetary Basis)</b>	<b>Variance Positive (Negative)</b>	
	<b>Budget</b>		<b>Budget</b>			
<b>Revenues:</b>						
Investment Earnings	\$ 13,800	\$ 13,074	\$ (726)	\$ 26,432	\$ 254,277	\$ 227,845
<b>Other Financing Sources (Uses):</b>						
Transfers Out	(13,800)	(13,074)	726	(26,432)	(25,427)	1,005
<b>Total Other Financing Sources (Uses)</b>	<b>(13,800)</b>	<b>(13,074)</b>	<b>726</b>	<b>(26,432)</b>	<b>(25,427)</b>	<b>1,005</b>
<b>Change in Fund Balances before Special Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>228,850</b>	<b>1,005</b>
<b>Net Change in Fund Balances</b>	<b>\$ -</b>	<b>-</b>	<b>\$ -</b>	<b>\$ -</b>	<b>228,850</b>	<b>\$ 1,005</b>
<b>Fund Balances - Beginning of Year</b>		<b>552,016</b>			<b>1,073,573</b>	
<b>Fund Balances - End of Year</b>		<b>\$ 552,016</b>			<b>\$ 1,302,423</b>	



## ***Internal Service Funds***

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

The ***Employee 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, 2020**

	General Services	Employee Payroll & Benefits	Property and Liability Insurance	Totals
<b>Assets:</b>				
Current Assets:				
Deposits and Investments Held by City	\$ 36,502,100	\$ 48,211,952	\$ 1,201,211	\$ 85,915,263
Receivables	308,088	263,217	8,525	579,830
Inventories and Prepaid Items	886,181	218,076	150	1,104,407
Restricted Assets:				
Deposits and Investments Held by Fiscal Agent and Trustee	-	4,765,075	-	4,765,075
Total Current Assets	37,696,369	53,458,320	1,209,886	92,364,575
Capital Assets:				
Receivables from Employees (Note 6)	-	1,584,948	-	1,584,948
Land & Nondepreciable Assets	6,413,659	-	-	6,413,659
Depreciable Buildings, Property, Equipment and Infrastructure, Net	16,145,367	-	-	16,145,367
Total Assets	60,255,395	55,043,268	1,209,886	116,508,549
Deferred Outflows of Resources	4,600,256	302,465	28,998	4,931,719
<b>Liabilities:</b>				
Current Liabilities:				
Wages Payable	-	5,136,586	-	5,136,586
Accounts Payable and Accrued Liabilities	918,069	412,092	-	1,330,161
Refundable Deposits	12,464	-	-	12,464
Claims and Judgments Payable - Due Within One Year	-	4,672,036	543,166	5,215,202
Compensated Absences Payable - Due Within One Year	-	12,961,077	-	12,961,077
Total Current Liabilities	930,533	23,181,791	543,166	24,655,490
Noncurrent Liabilities:				
Claims and Judgments Payable- Due in More than One Year	-	15,011,964	2,325,834	17,337,798
Compensated Absences Payable - Due in More than One Year	-	5,397,180	-	5,397,180
Net Pension Liability	21,756,299	501,886	229,069	22,487,254
Net OPEB Liability	5,118,379	23,651	49,624	5,191,654
Total Noncurrent Liabilities	26,874,678	20,934,681	2,604,527	50,413,886
Total Liabilities	27,805,211	44,116,472	3,147,693	75,069,376
Deferred Inflows of Resources	1,277,130	147,178	16,584	1,440,892
<b>Net Position</b>				
Net Investment in Capital Assets	22,559,027	-	-	22,559,027
Unrestricted	13,214,283	11,082,083	(1,925,393)	22,370,973
Net Position	\$ 35,773,310	\$ 11,082,083	\$ (1,925,393)	\$ 44,930,000

**CITY OF SUNNYVALE**

**Combining Statement of Revenues, Expenses, and Changes in Net Position  
All Internal Service Funds  
June 30, 2020**

	<b>General Services</b>	<b>Employee Payroll &amp; Benefits</b>	<b>Property and Liability Insurance</b>	<b>Totals</b>
<b>Operating Revenues:</b>				
Charges for Services	\$ 25,831,832	\$ 92,990,341	\$ 2,320,618	\$ 121,142,791
<b>Operating Expenses:</b>				
Personnel Services	13,885,421	20,643,719	82,618	34,611,758
Contractual Services	6,228,575	6,986	112,921	6,348,482
Material and Supplies	2,845,921	-	-	2,845,921
Utilities	2,168,553	-	-	2,168,553
Equipment and Building Rental	1,997,963	-	26	1,997,989
Insurance Premiums and Claims	-	28,371,323	1,868,174	30,239,497
Retirement Premiums	-	44,721,835	-	44,721,835
Other Operating Expenses	178,663	1,013	980	180,656
Depreciation	2,493,033	-	-	2,493,033
<b>Total Operating Expenses</b>	<b>29,798,129</b>	<b>93,744,876</b>	<b>2,064,719</b>	<b>125,607,724</b>
<b>Operating Income (Loss)</b>	<b>(3,966,297)</b>	<b>(754,535)</b>	<b>255,899</b>	<b>(4,464,933)</b>
<b>Nonoperating Revenues:</b>				
Investment Earnings	1,794,811	2,153,570	37,629	3,986,010
<b>Income (Loss) before Transfers</b>	<b>(2,171,486)</b>	<b>1,399,035</b>	<b>293,528</b>	<b>(478,923)</b>
Transfers In	4,992,160	2,000,000	-	6,992,160
Transfers Out	(2,808,998)	-	-	(2,808,998)
<b>Change in Net Position</b>	<b>11,676</b>	<b>3,399,035</b>	<b>293,528</b>	<b>3,704,239</b>
<b>Net Position (Deficit) - Beginning of Year</b>	<b>35,761,634</b>	<b>7,683,048</b>	<b>(2,218,921)</b>	<b>41,225,761</b>
<b>Net Position (Deficit) - End of Year</b>	<b>\$ 35,773,310</b>	<b>\$ 11,082,083</b>	<b>\$ (1,925,393)</b>	<b>\$ 44,930,000</b>

**CITY OF SUNNYVALE**

**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**Year Ended June 30, 2020**

	<b>General Services</b>	<b>Employee Payroll &amp; Benefits</b>	<b>Property and Liability Insurance</b>	<b>Totals</b>
<b>Cash Flows from Operating Activities:</b>				
Cash Received from Customers	\$ 923,804	\$ 276,262	\$ -	\$ 1,200,066
Cash Received for Interfund Services Provided	24,691,075	92,785,797	2,320,618	119,797,490
Cash Payments to Suppliers of Goods and Services	(11,645,877)	(1,327,463)	(121,993)	(13,095,333)
Cash Payments for Employee Services	(14,266,469)	(61,038,452)	(75,342)	(75,380,263)
Insurance and Claims Paid	-	(28,190,750)	(1,781,387)	(29,972,137)
Net Cash Provided by (Used for) Operating Activities	(297,467)	2,505,394	341,896	2,549,823
<b>Cash Flows from Noncapital Financing Activities:</b>				
Transfers In	4,992,160	2,000,000	-	6,992,160
Transfers Out	(2,808,998)	-	-	(2,808,998)
Net Cash Provided by Noncapital Financing Activities	2,183,162	2,000,000	-	4,183,162
<b>Cash Flows from Capital and Related Financing Activities:</b>				
Acquisition and Construction of Capital Assets	(7,750,929)	-	-	(7,750,929)
<b>Cash Flows from Investing Activities:</b>				
Interest on Investments	1,801,640	2,160,163	35,695	3,997,498
Net Increase (Decrease) in Cash and Cash Equivalents	(4,063,594)	6,665,557	377,591	2,979,554
<b>Cash and Cash Equivalents - Beginning of Year</b>	<b>40,565,694</b>	<b>46,311,470</b>	<b>823,620</b>	<b>87,700,784</b>
<b>Cash and Cash Equivalents - End of Year</b>	<b>\$ 36,502,100</b>	<b>\$ 52,977,027</b>	<b>\$ 1,201,211</b>	<b>\$ 90,680,338</b>
<b>Reconciliation to Statement of Net Position:</b>				
Cash and Investments Held by City	\$ 36,502,100	\$ 48,211,952	\$ 1,201,211	\$ 85,915,263
Cash and Investments Held by Fiscal Agent and Trustee	-	4,765,075	-	4,765,075
<b>Total Cash and Investments</b>	<b>\$ 36,502,100</b>	<b>\$ 52,977,027</b>	<b>\$ 1,201,211</b>	<b>\$ 90,680,338</b>

Continued

**CITY OF SUNNYVALE**
**Combining Statement of Cash Flows**  
**All Internal Service Funds**  
**Year Ended June 30, 2020**

	<u>General Services</u>	<u>Employee Benefits</u>	<u>Property and Liability Insurance</u>	<u>Totals</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income (Loss)	\$ (3,966,297)	\$ (754,535)	\$ 255,899	\$ (4,464,933)
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	2,493,033	-	-	2,493,033
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:				
Receivables	(47,991)	(56,525)	-	(104,516)
Intergovernmental Receivables	-	-	-	-
Inventories and Prepayments	(47,512)	53,920	9,361	15,769
Refundable Deposits	1,200	-	-	1,200
Accounts Payable and Accrued Liabilities	(46,123)	(2,982,997)	(15,641)	(3,044,761)
Claims and Judgments Payable	-	(77,000)	85,000	8,000
Compensated Absences Payable	-	6,177,513	-	6,177,513
Deferred Outflows Related to Pensions	215,397	51,940	1,545	268,882
Deferred Inflows Related to Pensions	(86,589)	(6,184)	(419)	(93,192)
Net Pension Liability	1,573,808	112,053	7,619	1,693,480
Deferred Outflows Related to OPEB	(1,391)	13,616	394	12,619
Deferred Inflows Related to OPEB	(246,612)	(16,915)	(1,193)	(264,720)
Net OPEB Liability	(138,390)	(9,492)	(669)	(148,551)
<b>Net Cash Provided (Used) by Operating Activities</b>	<u><u>\$ (297,467)</u></u>	<u><u>\$ 2,505,394</u></u>	<u><u>\$ 341,896</u></u>	<u><u>\$ 2,549,823</u></u>
<b>Noncash Investing, Capital and Financing Activities:</b>				
Change in the Fair Value of Investments	\$ 929,343	\$ 1,300,034	\$ -	\$ 2,229,377

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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).

### ***Agency 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 ***SVCEA Fund*** accounts for the funds contributed by participating municipalities and the Santa Clara County for the initial funding to establish a separate public agency, known as the Silicon Valley Clean Energy Authority or the SVCEA.

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.

**CITY OF SUNNYVALE**

**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds - Private-Purpose Trust Funds**  
**June 30, 2020**

	CFD No. 3 (Estates at Sunnyvale) Private-Purpose Trust Fund	Redevelopment Successor Agency Private-Purpose Trust Fund	Total Private-Purpose Trust Funds
<b>Assets:</b>			
Deposits and Investments in City Treasury Pool	\$ 97,052	\$ 7,760	\$ 104,812
Deposits and Investments not in City Treasury Pool	-	3,997,463	3,997,463
Deposits and Investments Held by Fiscal Agent	-	652,794	652,794
Receivables	546	8,698,108	8,698,654
Capital Assets:			
Land and Nondepreciable Assets	-	13,959,752	13,959,752
Total Assets	97,598	27,315,877	27,413,475
<b>Liabilities:</b>			
Accounts Payable and Accrued Liabilities	-	8,030	8,030
Accrued Interest Payable	-	31,277	31,277
Long-term Obligations :			
Due Within One Year	-	3,524,938	3,524,938
Due in More Than One Year	-	38,370,868	38,370,868
Total Liabilities	-	41,935,113	41,935,113
<b>Net Position:</b>			
Held in Trust for Private Purpose	\$ 97,598	\$ (14,619,236)	\$ (14,521,638)



**Combining Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds - Private-Purpose Trust Funds**  
**Year Ended June 30, 2020**

	CFD No. 3 (Estates at Sunnyvale) Private-Purpose Trust Fund	Redevelopment Successor Agency Private-Purpose Trust Fund	Total Private-Purpose Trust Funds
<b>Additions:</b>			
<i>Contributions from:</i>			
Property Owners	\$ 26,503	\$ -	\$ 26,503
County Redevelopment Property Tax Trust Fund	-	3,535,246	3,535,246
Interest Income	2,067	43,566	45,633
Total Additions	28,570	3,578,812	3,607,382
<b>Deductions:</b>			
Projects Management	20,508	59,018	79,526
City Loan Interest Added to Loan Principal	-	726,205	726,205
Interest on Central Core Bonds	-	76,910	76,910
Fiscal Agent Trustee Fees	-	2,887	2,887
Administrative Expenses	-	72,280	72,280
Total Deductions	20,508	937,300	957,808
<b>Change in Net Position</b>	8,062	2,641,512	2,649,574
<b>Net Position, Beginning of Year</b>	89,536	(17,260,748)	(17,171,212)
<b>Net Position, End of Year</b>	\$ 97,598	\$ (14,619,236)	\$ (14,521,638)

**CITY OF SUNNYVALE**
**Combining Statement of Changes in Assets and Liabilities**  
**Fiduciary Funds - Agency Funds**  
**Year Ended June 30, 2020**
**Community Facilities District No. 1**

	<b>Beginning Balance July 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2020</b>
<b>Assets:</b>				
Deposits and Investments in City Treasury Pool	\$ 1,967,985	\$ 1,736,556	\$ (1,822,810)	\$ 1,881,731
Deposits and Investments Held by Fiscal Agent	1,908,785	1,810,650	(1,703,505)	2,015,930
Receivables	59,134	62,264	(60,958)	60,440
<b>Total Assets</b>	<b>\$ 3,935,904</b>	<b>\$ 3,609,470</b>	<b>\$ (3,587,273)</b>	<b>\$ 3,958,101</b>
<b>Liabilities:</b>				
Due to CFD Bondholders	\$ 3,935,904	\$ 3,609,470	\$ (3,587,273)	\$ 3,958,101
<b>Total Liabilities</b>	<b>\$ 3,935,904</b>	<b>\$ 3,609,470</b>	<b>\$ (3,587,273)</b>	<b>\$ 3,958,101</b>

**Santa Clara Valley Urban Runoff Pollution Prevention Program**

	<b>Beginning Balance July 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2020</b>
<b>Assets:</b>				
Deposits and Investments not in City Treasury Pool	\$ 1,921,185	\$ 5,297,291	\$ (5,290,208)	\$ 1,928,268
<b>Total Assets</b>	<b>\$ 1,921,185</b>	<b>\$ 5,297,291</b>	<b>\$ (5,290,208)</b>	<b>\$ 1,928,268</b>
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$ 1,921,185	\$ 5,297,291	\$ (5,290,208)	\$ 1,928,268
<b>Total Liabilities</b>	<b>\$ 1,921,185</b>	<b>\$ 5,297,291</b>	<b>\$ (5,290,208)</b>	<b>\$ 1,928,268</b>

**NOVAworks Foundation**

	<b>Beginning Balance July 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance June 30, 2020</b>
<b>Assets:</b>				
Deposits and Investments not in City Treasury Pool	\$ -	\$ 190,526	\$ -	\$ 190,526
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 190,526</b>	<b>\$ -</b>	<b>\$ 190,526</b>
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$ -	\$ 190,526	\$ -	\$ 190,526
<b>Total Liabilities</b>	<b>\$ -</b>	<b>\$ 190,526</b>	<b>\$ -</b>	<b>\$ 190,526</b>

Continued

**CITY OF SUNNYVALE****Combining Statement of Changes in Assets and Liabilities  
Fiduciary Funds - Agency Funds  
Year Ended June 30, 2020****Total Agency Funds**

	<b>Beginning Balance</b>			<b>Ending Balance</b>
	<b>July 1, 2019</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2020</b>
<b>Assets:</b>				
Deposits and Investments in City Treasury Pool	\$ 1,967,985	\$ 1,736,556	\$ (1,822,810)	\$ 1,881,731
Deposits and Investments not in City Treasury Pool	1,921,185	5,487,817	(5,290,208)	2,118,794
Deposits and Investments Held by Fiscal Agent	1,908,785	1,810,650	(1,703,505)	2,015,930
Receivables	59,134	62,264	(60,958)	60,440
<b>Total Assets</b>	<b>\$ 5,857,089</b>	<b>\$ 9,097,287</b>	<b>\$ (8,877,481)</b>	<b>\$ 6,076,895</b>
<b>Liabilities:</b>				
Accounts Payable and Accrued Liabilities	\$ 1,921,185	\$ 5,487,817	\$ (5,290,208)	\$ 2,118,794
Due to CFD No. 1 Bondholders	3,935,904	3,609,470	(3,587,273)	3,958,101
<b>Total Liabilities</b>	<b>\$ 5,857,089</b>	<b>\$ 9,097,287</b>	<b>\$ (8,877,481)</b>	<b>\$ 6,076,895</b>

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## ***Statistical Section (Unaudited)***

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

<b>Contents</b>	<b>Page</b>
<b><i>Financial Trends</i></b>	
These schedules contain trend information to help the reader understand how the City's financial performance and fiscal well being have changed over time.	209-215
<b><i>Revenue Capacity</i></b>	
These schedules present information to assist the reader in assessing the City's most significant local revenue source, the property tax.	216-220
<b><i>Debt Capacity</i></b>	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	221-224
<b><i>Demographic and Economic Information</i></b>	
These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	225-227
<b><i>Operating Information</i></b>	
These schedules contain service and infrastructure data to assist the reader in understanding how the information in the City's financial report relates to the services the City provides and the activities it performs.	228-229

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012 <sup>1</sup>	2011
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 528,996	\$ 478,865	\$ 471,295	\$ 459,015	\$ 453,364	\$ 435,271	\$ 426,044	\$ 420,326	\$ 402,857	\$ 388,753
Restricted	347,627	316,350	288,199	232,876	189,436	153,631	145,874	133,414	122,424	115,097
Unrestricted <sup>2</sup>	(81,803)	(59,819)	(109,823)	(4,091)	(13,422)	(46,498)	204,836	195,897	205,327	155,432
<b>Total Governmental Activities Net Position</b>	<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>	<u>\$ 749,637</u>	<u>\$ 730,608</u>	<u>\$ 659,282</u>
<b>Business-type activities</b>										
Net Investment in Capital Assets	\$ 159,176	\$ 153,121	\$ 133,615	\$ 116,934	\$ 101,526	\$ 90,914	\$ 77,389	\$ 80,828	\$ 80,831	\$ 85,837
Restricted	5,271	5,271	5,271	5,271	-	-	-	-	-	-
Unrestricted <sup>2</sup>	130,935	75,471	31,693	6,185	(2,906)	(16,659)	12,068	(3,449)	(12,005)	(23,312)
<b>Total Business-Type Activities Net Position</b>	<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>	<u>\$ 77,379</u>	<u>\$ 68,826</u>	<u>\$ 62,525</u>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 688,172	\$ 631,986	\$ 604,910	\$ 575,949	\$ 554,890	\$ 526,185	\$ 503,433	\$ 501,154	\$ 483,688	\$ 474,590
Restricted	352,898	321,621	293,470	238,147	189,436	153,631	145,874	133,414	122,424	115,097
Unrestricted <sup>2</sup>	49,132	15,652	(78,130)	2,094	(16,328)	(63,157)	216,904	192,448	193,323	132,120
<b>Total Primary Government Net Position</b>	<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>	<u>\$ 827,016</u>	<u>\$ 799,435</u>	<u>\$ 721,807</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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses:</b>										
<b>Governmental Activities:</b>										
Planning and Management	\$ 17,074	\$ 15,766	\$ 17,961	\$ 13,342	\$ 9,548	\$ 19,431	\$ 18,678	\$ 17,859	\$ 18,538	\$ 18,671
Public Safety	122,840	111,998	106,371	94,623	83,058	82,086	80,022	78,670	74,077	75,988
Community Development	22,849	21,901	20,562	17,676	18,025	16,351	21,922	20,855	21,981	21,119
Transportation	21,887	19,179	23,958	18,157	15,950	17,022	18,822	14,292	10,810	11,845
Socioeconomic	11,939	12,019	13,260	11,776	11,548	8,919	8,874	9,141	12,813	14,329
Cultural	19,784	18,920	19,118	17,628	16,194	17,216	16,222	16,399	8,873	9,036
Environmental Management	3,653	3,178	2,455	1,248	1,864	913	1,993	2,279	2,920	3,609
Interest on Long-term Debt	382	467	504	494	473	573	648	781	419	1,078
<b>Total Governmental Activities</b>	<b>220,408</b>	<b>203,428</b>	<b>204,189</b>	<b>174,944</b>	<b>156,660</b>	<b>162,511</b>	<b>167,181</b>	<b>160,276</b>	<b>150,431</b>	<b>155,675</b>
<b>Business-Type Activities:</b>										
Water Supply and Distribution	50,466	48,034	46,296	44,104	36,294	29,303	31,732	31,790	27,254	24,667
Wastewater Management	30,477	31,390	29,664	26,645	24,237	22,353	22,101	21,753	20,597	18,680
Solid Waste Management	45,134	43,969	40,748	40,734	39,357	36,576	36,496	31,637	32,327	32,406
SMaRT Station	29,304	29,050	28,098	28,056	27,202	27,389	27,426	26,810	28,467	26,320
Development	16,680	15,774	13,447	10,980	8,945	7,671	-	-	-	-
Golf & Tennis Operations or Community Recreation	5,900	5,565	4,799	4,184	3,636	3,473	3,621	3,728	11,454	11,802
<b>Total Business-Type Activities</b>	<b>177,961</b>	<b>173,782</b>	<b>163,052</b>	<b>154,703</b>	<b>139,671</b>	<b>126,765</b>	<b>121,376</b>	<b>115,718</b>	<b>120,099</b>	<b>113,875</b>
<b>Total Primary Government Expenses</b>	<b>\$ 398,369</b>	<b>\$ 377,210</b>	<b>\$ 367,241</b>	<b>\$ 329,647</b>	<b>\$ 296,331</b>	<b>\$ 289,276</b>	<b>\$ 288,557</b>	<b>\$ 275,994</b>	<b>\$ 270,530</b>	<b>\$ 269,550</b>
<b>Program Revenues:</b>										
<b>Governmental Activities:</b>										
Charges for Services										
Planning and Management	\$ 467	\$ 316	\$ 607	\$ 478	\$ 278	\$ 563	\$ 427	\$ 347	\$ 1,510	\$ 733
Public Safety	4,494	4,705	4,301	3,827	3,716	3,713	3,573	2,926	3,596	3,418
Community Development	42,460	26,917	47,359	30,861	35,141	12,464	30,322	28,060	21,553	13,842
Transportation	5,526	5,252	8,510	3,004	4,162	3,157	3,783	3,790	497	548
Socioeconomic	402	269	100	112	98	110	98	-	144	62
Cultural	3,197	5,114	4,731	4,770	4,871	4,674	4,446	4,387	270	253
Environmental Management	9	1	-	-	1	-	954	979	575	435
Operating Grants and Contributions	18,324	17,530	19,314	19,932	18,767	15,616	16,198	16,427	19,426	27,491
Capital Grants and Contributions	16,296	12,256	14,111	26,895	21,323	12,789	6,831	26,038	15,095	11,795
<b>Total Governmental Activities Program Revenues</b>	<b>91,175</b>	<b>72,360</b>	<b>99,033</b>	<b>89,879</b>	<b>88,357</b>	<b>53,086</b>	<b>66,632</b>	<b>82,954</b>	<b>62,666</b>	<b>58,577</b>



**Business-Type Activities:**

Charges for Services										
Water Supply and Distribution	64,727	64,560	60,749	45,311	36,300	33,568	39,066	36,071	32,630	27,687
Wastewater Management	60,453	57,171	53,494	37,720	37,071	31,487	32,078	29,253	26,046	24,278
Solid Waste Management	52,459	54,240	50,418	47,952	46,585	43,236	42,033	40,415	38,668	36,752
SMaRT Station	27,472	27,994	25,349	26,443	25,827	25,817	25,749	25,265	26,210	24,537
Development	22,448	24,379	21,878	19,371	15,850	13,832	-	-	-	-
Golf & Tennis Operations or Community Recreation	3,402	3,586	3,361	3,107	3,186	3,528	3,572	3,491	7,452	7,110
Capital Grants and Contributions	658	775	1,612	5,658	368	1,916	401	584	459	91
<b>Total Business-Type Activities Program Revenues</b>	<b>231,619</b>	<b>232,705</b>	<b>216,861</b>	<b>185,562</b>	<b>165,187</b>	<b>153,384</b>	<b>142,899</b>	<b>135,079</b>	<b>131,465</b>	<b>120,455</b>
<b>Total Primary Government Program Revenues</b>	<b>\$ 322,794</b>	<b>\$ 305,065</b>	<b>\$ 315,894</b>	<b>\$ 275,441</b>	<b>\$ 253,544</b>	<b>\$ 206,470</b>	<b>\$ 209,531</b>	<b>\$ 218,033</b>	<b>\$ 194,131</b>	<b>\$ 179,032</b>
<b>Net (Expense)/Revenue</b>										
Governmental Activities	\$ (129,233)	\$ (131,068)	\$ (105,156)	\$ (85,065)	\$ (68,303)	\$ (109,425)	\$ (100,549)	\$ (77,322)	\$ (87,765)	\$ (97,098)
Business-Type Activities	53,658	58,923	53,809	30,859	25,516	26,619	21,523	19,361	11,366	6,580
<b>Total Primary Government Net Expense</b>	<b>\$ (75,575)</b>	<b>\$ (72,145)</b>	<b>\$ (51,347)</b>	<b>\$ (54,206)</b>	<b>\$ (42,787)</b>	<b>\$ (82,806)</b>	<b>\$ (79,026)</b>	<b>\$ (57,961)</b>	<b>\$ (76,399)</b>	<b>\$ (90,518)</b>

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

Taxes										
Property Taxes	\$ 92,069	\$ 85,057	\$ 74,572	\$ 67,899	\$ 64,168	\$ 56,560	\$ 50,515	\$ 47,779	\$ 48,823	\$ 52,261
Sales and Use Taxes	27,118	32,220	31,314	29,408	31,357	29,676	30,195	29,909	30,345	29,228
Motor Vehicle License Fees	-	-	-	-	-	-	-	62	73	708
Franchise Fees, Unrestricted	7,180	6,976	7,160	7,118	7,057	6,898	6,694	6,462	6,373	6,247
Utilities Users Taxes	8,259	8,303	7,854	7,334	6,901	6,774	6,754	6,549	6,830	6,806
Transient Occupancy Taxes	15,930	21,249	17,742	16,590	16,295	14,137	10,859	9,016	7,777	6,589
Real Property Transfer Taxes	1,815	2,002	2,075	1,770	1,972	1,765	1,674	1,275	925	717
Construction Taxes	5,171	6,346	4,961	4,719	3,298	3,066	2,984	2,725	3,059	1,356
Business License Taxes	1,935	1,953	1,838	1,819	1,872	1,846	1,742	1,589	1,505	1,494
Investment Earnings	26,831	18,762	3,389	1,094	2,682	1,702	1,710	758	1,262	1,432
Interest Accrued from Advances to Business-Type Activities	458	477	395	2,421	2,613	2,793	2,922	3,068	3,044	2,901
Interest Accrued from Advances to Former RDA	-	-	911	565	49	64	56	66	39	-
Extraordinary Items	-	-	(29,329)	-	-	-	-	(13,966)	43,481	-
Gain on Disposal of Assets	-	32,072	13,906	-	12,822	-	-	-	-	-
Miscellaneous	25	-	1,202	1,221	2,260	1,274	1,617	1,355	30	25
Transfers	1,866	1,376	(1,059)	1,529	1,930	12,743	9,943	9,123	5,524	5,857
<b>Total Governmental Activities</b>	<b>188,657</b>	<b>216,793</b>	<b>136,931</b>	<b>143,487</b>	<b>155,276</b>	<b>139,298</b>	<b>127,665</b>	<b>105,770</b>	<b>159,090</b>	<b>115,621</b>
<b>Business-type Activities</b>										
Investment Earnings	9,727	5,737	835	440	780	541	499	331	460	453
Transfers	(1,866)	(1,376)	1,059	(1,529)	(1,930)	(12,743)	(9,943)	(9,123)	(5,524)	(5,857)
<b>Total Business-Type Activities</b>	<b>7,861</b>	<b>4,361</b>	<b>1,894</b>	<b>(1,089)</b>	<b>(1,150)</b>	<b>(12,202)</b>	<b>(9,444)</b>	<b>(8,792)</b>	<b>(5,064)</b>	<b>(5,404)</b>
<b>Total Primary Government</b>	<b>\$ 196,518</b>	<b>\$ 221,154</b>	<b>\$ 138,825</b>	<b>\$ 142,398</b>	<b>\$ 154,126</b>	<b>\$ 127,096</b>	<b>\$ 118,221</b>	<b>\$ 96,978</b>	<b>\$ 154,026</b>	<b>\$ 110,217</b>
<b>Change in Net Position</b>										
Governmental Activities	\$ 59,424	\$ 85,725	\$ 31,775	\$ 58,422	\$ 86,973	\$ 29,873	\$ 27,116	\$ 28,448	\$ 71,325	\$ 18,523
Business-Type Activities	61,519	63,284	55,703	29,770	24,365	14,417	12,079	10,569	6,302	1,176
<b>Total Primary Government</b>	<b>\$ 120,943</b>	<b>\$ 149,009</b>	<b>\$ 87,478</b>	<b>\$ 88,192</b>	<b>\$ 111,338</b>	<b>\$ 44,290</b>	<b>\$ 39,195</b>	<b>\$ 39,017</b>	<b>\$ 77,627</b>	<b>\$ 19,699</b>

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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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General Fund</b>										
Nonspendable	\$ 3,797	\$ 5,518	\$ 5,861	\$ 7,554	\$ 6,261	\$ 4,596	\$ 5,488	\$ 9,829	\$ 13,320	\$ 15,976
Restricted	3,066	2,914	2,808	2,724	2,554	2,500	2,413	2,288	5,196	5,078
Committed	59,439	46,896	60,532	57,745	55,240	32,402	42,015	33,454	34,014	32,963
Assigned	-	-	-	-	-	-	-	-	-	193
Unassigned	59,883	71,030	63,686	60,979	57,423	59,096	52,868	52,486	54,753	43,545
Total General Fund	<u>\$ 126,185</u>	<u>\$ 126,358</u>	<u>\$ 132,887</u>	<u>\$ 129,002</u>	<u>\$ 121,478</u>	<u>\$ 98,594</u>	<u>\$ 102,784</u>	<u>\$ 98,057</u>	<u>\$ 107,283</u>	<u>\$ 97,755</u>
<b>All Other Governmental Funds</b>										
Nonspendable	\$ 1,625	\$ 1,626	\$ 1,609	\$ 1,880	\$ 1,882	\$ 1,883	\$ 1,885	\$ 2,027	\$ 2,055	\$ 2,211
Restricted	333,472	304,524	275,278	221,328	179,053	143,788	93,137	91,549	75,296	67,810
Committed	4,297	22,804	-	-	-	-	-	-	-	-
Assigned	70,926	50,904	16,434	14,886	15,368	14,216	12,267	11,092	9,937	10,279
Unassigned	-	-	(91)	(5)	-	-	-	(3)	- <sup>(2)</sup>	(80,670) <sup>(1)</sup>
Total All Other Governmental Funds	<u>\$ 410,320</u>	<u>\$ 379,858</u>	<u>\$ 293,230</u>	<u>\$ 238,089</u>	<u>\$ 196,303</u>	<u>\$ 159,887</u>	<u>\$ 107,289</u>	<u>\$ 104,665</u>	<u>\$ 87,288</u>	<u>\$ (370)</u>

**Notes:** 1 The Redevelopment Agency, once a blended component unit of the City, was dissolved as of February 1, 2012.

The negative amounts shown above were related to the Redevelopment Agency's obligations to repay the City loans, to fund the Low and Moderate Income Housing Fund deficit, and to reimburse the developer under the 2010 Amended Disposition and Development and Owner Participation Agreement.

2 Since its inception on February 1, 2012, the Redevelopment Successor Agency's financial transactions have been reported in a separate trust fund.

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

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
Property Taxes	\$ 91,839	\$ 84,828	\$ 74,350	\$ 67,676	\$ 63,945	\$ 56,337	\$ 50,294	\$ 47,556	\$ 48,597	\$ 52,032
Sales and Use Taxes	28,827	33,829	33,148	31,017	32,914	31,212	31,672	31,412	31,623	30,327
Other Taxes	33,110	39,853	34,469	32,232	30,338	27,588	24,013	21,154	20,096	16,963
Franchise Fees	7,179	6,976	7,160	7,118	7,057	6,898	6,694	6,462	6,373	6,247
Intergovernmental Revenues	26,548	22,959	23,936	22,461	21,757	18,077	19,659	22,466	31,420	37,939
Permits and Licenses	2,130	1,938	1,699	1,287	1,297	1,308	9,796	9,734	9,568	5,972
Fines and Forfeitures	1,104	1,252	1,106	1,217	1,312	1,174	1,199	1,080	1,290	1,230
Special Assessments	6	6	6	6	6	6	26	38	13	21
Service Fees	51,883	40,160	61,688	37,455	46,554	19,719	30,250	27,397	13,629	9,769
Rents and Concessions	1,225	1,653	1,404	1,483	1,469	1,494	1,408	1,668	1,211	1,223
Interest Received from										
Interfund Advances	4,451	4,787	4,787	5,364	5,364	4,862	1,616	1,806	4,426	8,999
Investment Earnings	22,845	15,816	2,962	1,012	2,112	1,320	1,361	578	922	633
Other Revenues <sup>1</sup>	2,715	1,669	2,499	20,123	1,931	1,350	4,016	4,551	6,042	1,320
<b>Total Revenues</b>	<b>273,862</b>	<b>255,726</b>	<b>249,214</b>	<b>228,451</b>	<b>216,056</b>	<b>171,345</b>	<b>182,004</b>	<b>175,902</b>	<b>175,210</b>	<b>172,675</b>
<b>Expenditures</b>										
Planning and Management	13,502	11,314	11,315	12,107	9,632	19,021	17,882	17,101	17,501	17,068
Public Safety	107,285	104,340	98,116	92,113	88,392	82,490	81,129	78,155	73,484	72,059
Community Development <sup>2</sup>	18,352	17,805	16,509	15,262	13,594	14,120	30,898	21,269	22,210	24,876
Transportation	11,300	10,432	10,387	10,140	10,072	12,698	13,811	7,955	7,750	7,342
Socioeconomic	11,063	11,181	12,552	11,841	11,812	8,834	8,392	8,644	11,726	13,162
Cultural <sup>3</sup>	17,881	17,612	16,709	16,995	16,314	15,721	15,209	15,587	7,804	7,667
Environmental Management	3,147	2,871	1,341	1,163	1,801	647	1,948	1,922	1,861	2,882
Capital Outlay	58,759	17,407	33,764	17,764	19,133	10,337	15,596	10,126	16,787	16,940
Debt Service:										
Principal Retirement <sup>4</sup>	1,715	1,605	1,535	1,465	1,395	1,335	1,280	1,220	1,550	2,140
Interest	312	388	415	419	394	427	468	518	3,291	6,039
Fiscal Charges	83	91	100	86	89	156	189	131	181	189
<b>Total Expenditures</b>	<b>243,399</b>	<b>195,046</b>	<b>202,743</b>	<b>179,355</b>	<b>172,628</b>	<b>165,786</b>	<b>186,802</b>	<b>162,628</b>	<b>164,145</b>	<b>170,364</b>

<b>Excess (Deficiency) of Revenues</b>										
<b>Over (Under) Expenditures</b>	30,463	60,680	46,471	49,096	43,428	5,559	(4,798)	13,274	11,065	2,311
<b>Other Financing Sources (Uses):</b>										
Transfers In	23,853	48,188	44,632	11,098	10,378	22,588	30,481	19,913	21,770	26,368
Transfers Out	(24,028)	(61,842)	(53,077)	(10,884)	(9,186)	(22,978)	(19,203)	(12,382)	(15,746)	(20,213)
Proceeds from Sale of Capital Assets	-	33,073	21,000	-	14,680	-	870	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>(175)</u>	<u>19,419</u>	<u>12,555</u>	<u>214</u>	<u>15,872</u>	<u>(390)</u>	<u>12,148</u>	<u>7,531</u>	<u>6,024</u>	<u>6,155</u>
<b>Extraordinary Items:</b>										
Net Assets Received or Removed upon Dissolution of Redevelopment Agency	-	-	-	-	-	-	-	(13,966)	80,098	-
<b>Net Change in Fund Balances</b>	<u>\$ 30,288</u>	<u>\$ 80,099</u>	<u>\$ 59,026</u>	<u>\$ 49,310</u>	<u>\$ 59,300</u>	<u>\$ 5,169</u>	<u>\$ 7,350</u>	<u>\$ 6,839</u>	<u>\$ 97,187</u>	<u>\$ 8,466</u>
Capital Expenditures	\$ 51,821	\$ 11,966	\$ 15,663	\$ 11,691	\$ 11,969	\$ 7,299	\$ 12,077	\$ 5,992	\$ 14,207	\$ 13,690
<b>Debt Service as a Percentage of</b>										
<b>Noncapital Expenditures</b>	1.1%	1.1%	1.0%	1.1%	1.1%	1.1%	1.0%	1.1%	3.2%	5.2%

- Notes:**
- 1 Other revenues were higher in fiscal year 2017 due to a one-time contribution related to a significant development project.
  - 2 The City transferred its development-related programs out of the Governmental Funds in fiscal year 2015.
  - 3 The City transferred its recreation programs to the Governmental Funds (Cultural) in fiscal year 2013.
  - 4 Debt service for principal retirement was higher in fiscal year 2011 due to the early payoff of the ABAG Certificates of Participation.

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

		Fiscal Year									
		2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Property	\$	91,839	\$ 84,828	\$ 74,350	\$ 67,676	\$ 63,945	\$ 56,337	\$ 50,294	\$ 47,556	\$ 48,597	\$ 52,032
Sales and Use		28,827	33,829	33,148	31,017	32,914	31,212	31,672	31,412	31,623	30,327
Transient Occupancy		15,930	21,249	17,742	16,590	16,295	14,137	10,859	9,016	7,778	6,589
Utility Users		8,259	8,303	7,854	7,334	6,901	6,774	6,754	6,549	6,830	6,806
Business Licenses		1,935	1,953	1,837	1,819	1,872	1,846	1,742	1,589	1,505	1,494
Real Property Transfer		1,815	2,002	2,075	1,770	1,972	1,765	1,674	1,275	925	718
Construction		5,171	6,346	4,961	4,719	3,298	3,066	2,984	2,725	3,059	1,356
Franchise		7,179	6,976	7,160	7,118	7,057	6,898	6,694	6,462	6,373	6,247
Total	\$	<u>160,955</u>	<u>\$ 165,486</u>	<u>\$ 149,127</u>	<u>\$ 138,043</u>	<u>\$ 134,254</u>	<u>\$ 122,035</u>	<u>\$ 112,673</u>	<u>\$ 106,584</u>	<u>\$ 106,690</u>	<u>\$ 105,569</u>

**CITY OF SUNNYVALE****Assessed Value of Taxable Property  
Last Ten Fiscal Years**

<b>Fiscal Year Ended June 30</b>	<b>Residential Property</b>	<b>Commercial Property</b>	<b>Industrial Property</b>	<b>Other Property<sup>1</sup></b>	<b>Unsecured Property</b>	<b>Total Assessed Value<sup>2</sup></b>	<b>Less: Exemptions</b>	<b>Total Taxable Assessed Value</b>	<b>Total Direct Tax Rate<sup>3</sup></b>
2011	\$ 14,187,052,958	\$ 3,593,110,296	\$ 5,306,337,209	\$ 387,154,668	\$ 2,450,352,066	\$ 25,924,007,197	\$ 303,969,181	\$ 25,620,038,016	1.0%
2012	14,491,247,756	3,438,645,488	5,341,788,549	340,366,939	2,608,683,037	26,220,731,769	301,649,177	25,919,082,592	1.0%
2013	15,103,665,793	3,600,587,226	5,432,266,156	340,524,870	2,759,360,948	27,236,404,993	341,463,372	26,894,941,621	1.0%
2014	16,609,382,728	3,770,159,047	6,028,000,066	432,398,085	2,893,032,074	29,732,972,000	485,541,786	29,247,430,214	1.0%
2015	17,767,517,570	4,169,748,259	6,064,429,240	525,692,456	3,301,086,598	31,828,474,123	398,883,418	31,429,590,705	1.0%
2016	19,451,693,480	5,263,186,637	7,068,520,319	611,867,808	2,842,769,440	35,238,037,684	438,314,393	34,799,723,291	1.0%
2017	21,132,236,511	6,245,020,580	7,582,898,635	777,478,976	2,941,677,250	38,679,311,952	479,970,823	38,199,341,129	1.0%
2018	23,081,956,452	7,201,345,311	7,551,341,687	875,789,104	3,467,249,797	42,177,682,351	494,892,657	41,682,789,694	1.0%
2019	25,156,372,680	8,856,076,181	8,267,965,238	788,203,756	3,882,340,213	46,950,958,068	599,128,346	46,351,829,722	1.0%
2020	27,555,465,388	9,383,956,474	8,879,451,579	867,530,149	3,677,522,864	50,363,926,454	688,171,499	49,675,754,955	1.0%

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

- Notes:** 1 Other property includes government, institution, irrigated and vacant lands, State Board of Equalization (SBE) nonunitary utilities, and miscellaneous and unclassified properties.  
2 Assessed value is calculated at 100% of market value as defined by California State Constitution Article XIII A and increases each year by no more than two percent unless there is new construction or change in ownership on the property.  
3 See notes in the Schedule of Property Tax Rates contained in the Statistical Section for information on direct tax rate.

**CITY OF SUNNYVALE****Property Tax Rates  
Last Ten Fiscal Years**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Direct Rates <sup>1</sup></b>										
County										
Maximum Tax Levy	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
<b>Overlapping Rates <sup>2</sup></b>										
County										
County Retirement Levy	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880
County Hospital Facility Bond	0.00690	0.00720	0.00820	0.00860	0.00880	0.00910	0.00350	0.00510	0.00470	0.00950
County Housing Bond	0.01000	0.01050	0.01266	-	-	-	-	-	-	-
<b>Special District</b>										
Santa Clara Valley Water District	0.00410	0.00420	0.00620	0.00860	0.00570	0.00650	0.00700	0.00690	0.00642	0.00720
El Camino Hospital	0.01000	0.01000	0.01000	0.01290	0.01290	0.01290	0.01290	0.01290	0.01290	0.01290
Midpeninsula Regional Open Space	0.00160	0.00180	0.00090	0.00060	0.00080	-	-	-	-	-
<b>School Districts</b>										
Sunnyvale School District	0.03450	0.03680	0.03680	0.02630	0.04090	0.04920	0.03640	0.03690	0.03980	0.03900
Cupertino Elementary	0.04150	0.03970	0.04960	0.05090	0.05190	0.05400	0.05250	0.05980	0.02900	0.03080
Los Altos Elementary	0.04180	0.04490	0.04630	0.04790	0.04850	0.05240	0.05340	0.05790	0.05950	0.06000
Mountain View Elementary	0.03960	0.04250	0.04100	0.04260	0.02730	0.03380	0.05300	0.06020	0.03030	0.03220
Fremont High	0.04790	0.04300	0.04640	0.04030	0.05250	0.03960	0.04050	0.03900	0.04150	0.03650
Mountain View-Los Altos High	0.03650	0.04090	0.01070	0.01120	0.01190	0.01330	0.01210	0.01390	0.01470	0.01510
Santa Clara Unified	0.11760	0.07070	0.08280	0.08180	0.09420	0.07040	0.07070	0.08190	0.08360	0.05190
Foothills-De Anza College	0.02080	0.02170	0.02200	0.02340	0.02400	0.02760	0.02900	0.02870	0.02970	0.03260

**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, 2020**

Taxpayer	2020			2011		
	Taxable Assessed Value <sup>1</sup>	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value <sup>2</sup>	Rank	Percentage of Total Taxable Assessed Value
Google Inc	\$ 3,193,655,042	1	6.43%	n/a	n/a	n/a
Lockheed Martin Corporation	931,801,943	2	1.88%	\$ 1,221,544,552	1	4.77%
Apple Inc	850,832,852	3	1.71%	n/a	n/a	n/a
Menlo And Juniper Networks LLC	794,937,892	4	1.60%	330,707,128	5	1.29%
CW SPE LLC	756,467,369	5	1.52%	n/a	n/a	n/a
Applied Materials Inc	713,578,914	6	1.44%	363,179,243	4	1.42%
Intuitive Surgical Inc	574,654,390	7	1.16%	n/a	n/a	n/a
Moffett Place LLC	473,509,117	8	0.95%	n/a	n/a	n/a
441 Real Estate LLC	414,813,774	9	0.84%	n/a	n/a	n/a
MP 521 LLC	382,998,753	10	0.77%	n/a	n/a	n/a
Network Appliance Inc	n/a	n/a	n/a	533,961,667	2	2.08%
Yahoo Inc	n/a	n/a	n/a	521,751,955	3	2.04%
SPF Mathilda LLC	n/a	n/a	n/a	276,782,465	6	1.08%
Downtown Sunnyvale Mixed Use	n/a	n/a	n/a	251,820,801	7	0.98%
MT SPE LLC	n/a	n/a	n/a	249,945,500	8	0.98%
Moffett Towers Lot 3 LLC	n/a	n/a	n/a	205,425,611	9	0.80%
Spanion LLC	n/a	n/a	n/a	181,392,043	10	0.71%
<b>Total</b>	<b>\$ 9,087,250,046</b>		<b>18.29%</b>	<b>\$ 4,136,510,965</b>		<b>16.15%</b>

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

**Note 1** City Total Taxable Assessed Value: \$49,675,754,955

**Note 2** City Total Taxable Assessed Value: \$25,620,038,016

**CITY OF SUNNYVALE****Property Tax Levies and Collections  
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year <sup>2</sup>	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years <sup>1</sup>
		Amount	Percentage of Levy	
2011	\$ 30,669,200	\$ 28,655,299	93.4%	\$ 792,078
2012	30,870,190	29,149,449	94.4%	727,856
2013	32,150,043	30,419,797	94.6%	529,530
2014	35,217,352	33,392,365	94.8%	378,053
2015	38,246,494	36,235,979	94.7%	425,532
2016	42,533,731	40,482,214	95.2%	354,245
2017	46,861,407	44,324,329	94.6%	287,855
2018	50,889,271	48,209,420	94.7%	214,185
2019	56,393,298	53,630,229	95.1%	258,976
2020	60,845,224	57,462,099	94.4%	288,806

**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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Governmental Activities:</b>										
Certificates of Participation	\$ 13,145	\$ 14,860	\$ 16,465	\$ 18,000	\$ 19,465	\$ 20,860	\$ 22,195	\$ 23,475	\$ 24,695	\$ 36,835
Tax Allocation Bonds	-	-	-	-	-	-	-	-	-	5,629
<b>Business-Type Activities:</b>										
Water and Wastewater Series 2017A	39,582	41,433	43,253	48,406	50,903	53,291	55,573	57,775	58,677	60,555
Solid Waste Notes Payable	703	1,395	2,080	2,611	5,003	7,368	-	-	-	-
State Revolving Fund Loan	81,984	38,599	7,396	-	-	-	-	-	-	-
Solid Waste Revenue Bonds	-	-	-	-	-	-	12,388	14,505	16,144	18,000
<b>Total Primary Government</b>	<b>\$ 135,414</b>	<b>\$ 96,287</b>	<b>\$ 69,194</b>	<b>\$ 69,017</b>	<b>\$ 75,371</b>	<b>\$ 81,519</b>	<b>\$ 90,156</b>	<b>\$ 95,755</b>	<b>\$ 99,516</b>	<b>\$ 121,019</b>
<b>Percentage of Personal Income <sup>1</sup></b>	0.06%	0.04%	0.03%	0.03%	0.04%	0.05%	0.06%	0.07%	0.07%	0.10%
<b>Per Capita <sup>2</sup></b>	\$ 865	\$ 619	\$ 451	\$ 696	\$ 506	\$ 556	\$ 613	\$ 656	\$ 696	\$ 858

**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 2019 was used to calculate percentages for fiscal year 2020 since data for fiscal year 2020 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, 2020**

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>Percentage Applicable <sup>1</sup></b>	<b>Share of Overlapping Debt</b>
<b>Debt Repaid with Property Taxes: County</b>			
City of Sunnyvale Community Facilities District No. 1 Special Tax Bonds	\$ 13,960,000	100.000 %	\$ 13,960,000
Cupertino Union School District	281,813,303	14.624	41,212,377
El Camino Hospital District	120,690,000	37.648	45,437,371
Foothill Community College District Certificates of Participation	24,092,620	24.290	5,852,097
Foothill-De Anza Community College District	607,960,590	24.290	147,673,627
Fremont Union High School District	520,515,088	52.213	271,776,543
Midpeninsula Regional Open Space Park District & General Fund Obligations	200,795,600	15.874	31,874,293
Mountain View School District	7,450,000	7.740	576,630
Mountain View-Whisman School District	213,360,000	4.830	10,305,288
Mountain View-Los Altos Union High School District & Certificates of Participation	132,642,659	2.574	3,414,222
Los Altos School District & Certificates of Participation	179,535,335	0.002	3,591
Santa Clara County	881,455,000	9.636	84,937,004
Santa Clara County General Fund Obligations	937,140,100	9.636	90,302,820
Santa Clara County Pension Obligation Bonds	346,996,639	9.636	33,436,596
Santa Clara County Board of Education Certificates of Participation	3,480,000	9.636	335,333
Santa Clara County Vector Control Certificates of Participation	2,010,000	9.636	193,684
Santa Clara Unified School District & Certificates of Participation	1,056,745,000	9.311	98,393,527
Santa Clara Valley Water District Benefit Assessment District	65,495,000	9.636	6,311,098
Sunnyvale School District	217,180,820	99.361	215,793,035
West Valley-Mission Community College District	617,330,000	4.220	26,051,326
West Valley Mission Community College District General Fund Obligations	50,780,000	4.220	2,142,916
<b>Subtotal Overlapping Debt</b>			<b>1,129,983,378</b>
<b>Direct Debt <sup>2</sup></b>			
City of Sunnyvale Government Center Certificates of Participation			9,650,000
City of Sunnyvale Parking Facility Certificates of Participation			3,495,000
<b>Subtotal Direct Debt</b>			<b>13,145,000</b>
<b>Total Direct and Overlapping Debt <sup>3</sup></b>			<b>\$ 1,143,128,378</b>

**Sources:** California Municipal Statistics Inc  
City of Sunnyvale

**Notes:**

<sup>1</sup> Percentage of overlapping agency's assessed valuation located within the boundaries of the City.

<sup>2</sup> Direct debt excludes revenue bonds reported in the enterprise funds and Redevelopment Successor Agency Central Core Tax Allocation Bonds.

<sup>3</sup> Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

**CITY OF SUNNYVALE****Legal Debt Margin Information  
Last Ten Fiscal Years  
(dollars in thousands)**

	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt limit	\$ 7,554,589	\$ 7,042,644	\$ 6,326,652	\$ 5,801,897	\$ 5,285,706	\$ 4,774,271	\$ 4,459,946	\$ 4,085,461	\$ 3,933,110	\$ 3,888,601
Total net debt applicable to limit	13,145	14,860	16,464	18,000	19,465	20,860	22,195	23,475	29,943	31,490
Legal debt Margin	<u>\$ 7,541,444</u>	<u>\$ 7,027,784</u>	<u>\$ 6,310,188</u>	<u>\$ 5,783,897</u>	<u>\$ 5,266,241</u>	<u>\$ 4,753,411</u>	<u>\$ 4,437,751</u>	<u>\$ 4,061,986</u>	<u>\$ 3,903,167</u>	<u>\$ 3,857,111</u>
Total net debt applicable to the limit as a percentage of debt limit	<b>0.17%</b>	<b>0.26%</b>	<b>0.31%</b>	<b>0.37%</b>	<b>0.44%</b>	<b>0.57%</b>	<b>0.57%</b>	<b>0.76%</b>	<b>0.81%</b>	<b>0.84%</b>

**Legal Debt Margin Calculation for Fiscal Year 2020**

Assessed value	\$ 49,675,755
Add back: exempt real property	688,171
Total assessed value	<u>\$ 50,363,926</u>
Debt limit (15% of total assessed value)	7,554,589
Debt applicable to limit:	
Total bonded debt	<u>53,430</u>
Less:	
Water and Wastewater Series 2017A	(39,582)
Solid Waste Revenue Bonds	<u>(703)</u>
Total net debt applicable to limit	<u>13,145</u>
Legal debt margin	<u>\$ 7,541,444</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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Water and Wastewater Revenue Bonds</b>										
Gross Revenues	\$ 130,935	\$ 124,734	\$ 114,566	\$ 83,371	\$ 73,946	\$ 65,536	\$ 71,567	\$ 65,621	\$ 59,071	\$ 52,303
Less: Operating Expenses <sup>1</sup>	71,290	70,144	67,775	63,547	53,452	44,141	46,074	45,316	39,268	34,303
Less: Operating Transfers <sup>2</sup>	2,124	2,245	869	415	1,362	6,716	6,852	6,161	6,636	6,427
Net Available Revenue <sup>5</sup>	\$ 57,521	\$ 52,345	\$ 45,922	\$ 19,409	\$ 19,132	\$ 14,679	\$ 18,641	\$ 14,144	\$ 13,167	\$ 11,573
Debt Service										
Principal	\$ 1,670	\$ 1,640	\$ 2,925	\$ 2,330	\$ 2,220	\$ 2,115	\$ 2,035	\$ 1,955	\$ 1,900	\$ 2,355
Interest	1,486	1,523	1,560	2,411	2,522	2,624	2,703	2,789	2,824	2,161
Coverage	18.2	16.5	10.2	4.1	4.0	3.1	3.9	3.0	2.8	2.6
<b>Solid Waste Revenue Bonds/Notes Payable <sup>4</sup></b>										
Gross Revenues	\$ 53,587	\$ 54,988	\$ 50,587	\$ 48,052	\$ 46,698	\$ 43,295	\$ 42,104	\$ 40,444	\$ 38,717	\$ 36,782
Other Agencies Shares <sup>3</sup>	196	196	156	971	972	1,004	1,064	1,043	1,041	1,041
Less: Operating Expenses <sup>1</sup>	44,627	43,503	40,369	38,856	37,433	34,517	34,334	29,422	30,110	30,317
Less: Operating Transfers <sup>2</sup>	1,501	1,167	921	743	723	3,135	3,201	2,882	3,241	3,145
Net Available Revenue <sup>5</sup>	\$ 7,655	\$ 10,514	\$ 9,453	\$ 9,424	\$ 9,514	\$ 6,647	\$ 5,633	\$ 9,183	\$ 6,407	\$ 4,361
Debt Service										
Principal	\$ 692	\$ 685	\$ 531	\$ 2,392	\$ 2,365	\$ 2,165	\$ 2,060	\$ 1,960	\$ 1,865	\$ 1,790
Interest <sup>4</sup>	13	21	29	47	76	394	645	746	834	916
Coverage	10.9	14.9	16.9	3.9	3.9	2.6	2.1	3.4	2.4	1.6

**Notes:**

- 1 Excludes depreciation expense.
- 2 Operating expense-related transfers.
- 3 Proportion of debt service shared by Cities of Mountain View and Palo Alto according to the Memorandum of Understanding.
- 4 The City paid off the Solid Waste Revenue Bonds during Fiscal Year 2015 with a new privately funded bank loan.
- 5 Net Available Revenue or pledged revenue is "Gross Revenues" received from the respective systems minus the amount to pay "Operation and Maintenance Costs" of the systems.  
For the Solid Waste Note Payable, Net Available Revenue includes the proportionate share of debt service from Cities of Mountain View and Palo Alto.

**CITY OF SUNNYVALE****Demographic and Economic Statistics  
Last Ten Fiscal Years**

<b>Fiscal Year</b>	<b>Population</b>	<b>Personal Income (millions of dollars)<sup>1</sup></b>	<b>Per Capita Personal Income<sup>1</sup></b>	<b>Median Age</b>	<b>School Enrollment</b>	<b>Civilian Labor Force</b>	<b>Unemployment Rate</b>
2011	141,099	122,438	65,544	36	16,224	78,221	8.7%
2012	142,896	136,004	71,791	36	16,562	80,300	7.4%
2013	145,864	138,480	71,988	36	16,900	81,319	6.1%
2014	147,055	152,069	78,001	36	17,103	82,606	4.7%
2015	146,629	167,856	85,012	35	17,078	84,814	3.8%
2016	148,948	181,899	91,517	35	16,908	86,566	3.4%
2017	149,831	197,625	99,176	35	16,755	87,129	3.0%
2018	153,389	216,457	108,565	35	16,971	87,484	2.4%
2019	155,567	227,095	114,080	36	16,704	87,664	2.2%
2020	156,503	Not Available	Not Available	35	16,386	84,220	7.7%

**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	2020			2011		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Google	10,695	1	12.70%	n/a	n/a	n/a
Apple	4,500	2	5.34%	n/a	n/a	n/a
Lockheed Martin Space Systems	3,973	3	4.72%	7,034	1	9.23%
Amazon.Com Services	3,748	4	4.45%	n/a	n/a	n/a
LinkedIn	3,549	5	4.21%	n/a	n/a	n/a
Juniper Networks	3,000	6	3.56%	2,200	4	2.89%
Walmart	2,288	7	2.72%	n/a	n/a	n/a
Intuitive Surgical	2,169	8	2.58%	n/a	n/a	n/a
NetApp	1,680	9	1.99%	n/a	n/a	n/a
Microsoft	1,409	10	1.67%	n/a	n/a	n/a
Yahoo!	n/a	n/a	n/a	4,905	2	6.44%
NetApp	n/a	n/a	n/a	2,785	3	3.65%
West Valley Engineering	n/a	n/a	n/a	1,600	5	2.10%
Maxim Integrated Products	n/a	n/a	n/a	1,263	6	1.66%
Northrup Grumman Marine Systems	n/a	n/a	n/a	1,240	7	1.63%
Palm	n/a	n/a	n/a	1,102	8	1.45%
Applied Materials	n/a	n/a	n/a	1,035	9	1.36%
Synopsys	n/a	n/a	n/a	917	10	1.20%

**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 by Function  
Last Ten Fiscal Years**

	Full-time Equivalent Employees as of June 30									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Function/Program</b>										
Planning and Management <sup>3 &amp; 4</sup>	165	150	143	143	136	136	130	124	124	130
Public Safety <sup>1 &amp; 3 &amp; 4</sup>	357	356	346	345	348	334	319	311	308	321
Community Development <sup>3 &amp; 4</sup>	68	78	75	71	74	76	105	102	103	106
Transportation <sup>4</sup>	40	44	42	41	41	39	34	33	33	35
Socioeconomic <sup>4</sup>	48	54	52	52	51	49	50	55	69	91
Cultural <sup>2 &amp; 4</sup>	97	112	108	110	110	107	104	104	47	50
Environmental Management <sup>3 &amp; 4</sup>	22	22	20	20	18	18	25	24	22	21
Water Supply and Distribution <sup>4</sup>	30	32	31	30	33	34	34	31	30	29
Wastewater Management <sup>4</sup>	82	80	82	76	76	75	71	70	68	66
Solid Waste Management <sup>4</sup>	11	9	8	10	10	11	10	10	11	10
SMaRT Station <sup>4</sup>	1	1	1	1	1	1	1	1	1	1
Development <sup>3 &amp; 4</sup>	55	52	51	48	46	41	-	-	-	-
Golf and Tennis Operations or Community Recreation <sup>2 &amp; 4</sup>	22	23	24	24	24	25	25	25	79	88
Total	998	1,013	983	971	968	946	908	890	895	948

**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.
  - 2 The City's recreation employees (other than Golf and Tennis) are included under Cultural beginning in fiscal year 2013.
  - 3 The City created a Development Enterprise Fund where employees are included under Development beginning in fiscal year 2015.
  - 4 The City revised the level of productive hours per position from 1,850 to 1,790 for Management Staff and from 1,800 to 1,760 for Non-management Staff beginning in fiscal year 2015.

**CITY OF SUNNYVALE****Operating Indicators by Function  
Last Ten Fiscal Years**

Function	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Public Safety:</b>										
Police										
Emergency Responses	38,937	35,068	40,525	41,050	31,848	37,662	38,133	40,680	41,060	41,840
Crime Investigations	1,270	2,640	7,057	2,030	4,718	2,855	3,249	5,131	2,347	3,068
Traffic Events and Citations	16,592	11,794	15,846	10,155	8,829	9,772	11,894	14,460	17,514	17,237
Fire										
Emergency Responses	7,094	7,204	7,241	7,483	7,774	7,438	7,606	7,487	7,092	7,098
Fire Safety Inspections	6,724	8,541	6,778	7,585	6,682	6,439	7,163	6,842	6,495	5,883
<b>Transportation:</b>										
Streets Resurfacing (1,000 square feet)	Not Available	215	3,034	Not Available	None	1,177	1,565	1,493	572	237
feet)	Not Available	6,300	4,577	4,728	4,473	3,641	3,323	3,624	4,272	3,084
Streetlight Lamps Replaced	Not Available	1,100	996	946	1,656	1,242	925	1,032	1,486	1,247
<b>Cultural:</b>										
Library Visitors	398,830	619,986	657,343	683,739	669,796	699,128	707,922	743,311	743,363	732,631
Library Materials Circulated (use)	1,418,597	1,983,152	2,098,751	2,191,068	2,396,689	2,576,329	2,711,856	2,748,170	2,705,192	2,524,293
	6.0	6.8	6.9	7.2	6.6	8.7	8.8	9.5	9.0	8.3
Recreation Programs Registration (hours)	545,162	657,961	758,387	Not Available	821,950	866,750	850,978	837,899	801,792	703,355
Rental Use of Recreation Facilities	71,915	106,735	89,792	Not Available	92,842	103,122	98,878	74,404	81,152	73,330
<b>Water Supply and Distribution:</b>										
Average Daily Demand (million gallons)	17.4	16.4	16.8	15.4	14.0	19.4	19.4	19.4	22.8	18.0
Peak Daily Use (million gallons)	31.4	29.5	30.3	27.8	21.0	29.1	29.1	29.1	34.2	40.3
Water Main Repairs	23	39	28	19	30	38	48	24	33	23
<b>Wastewater Management:</b>										
Average Daily Sewage Treatment (million gallons)	12.9	13.3	12.4	12.7	11.7	12.8	12.8	13.4	13.5	13.8
<b>Solid Waste Management:</b>										
Refuse collected (tons per day)	236.0	251.0	237.0	255.0	250.0	244.0	234.8	234.6	223.6	223.6
Recyclables collected (tons per day)	96.0	98.0	90.0	79.5	78.5	71.5	68.6	71.3	68.3	68.2
<b>SMaRT Station:</b>										
Refuse received (tons per day)	598.0	648.0	620.0	643.0	640.0	652.0	608.0	609.0	576.0	563.0
<b>Golf and Tennis:</b>										
Plays at Golf Courses	98,309	97,875	109,874	105,632	111,011	121,997	124,741	129,583	136,121	133,356

Source: City of Sunnyvale, various departments

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

Function/Program	Fiscal Year									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Public Safety</b>										
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	73	73	71	72	69	70	70	70	70	67
Fire Stations	6	6	6	6	6	6	6	6	6	6
<b>Transportation</b>										
Streets (miles)	261	261	261	261	300	300	300	300	300	300
Streetlights	9,354	9,354	9,353	9,352	9,354	9,357	9,316	9,328	9,357	9,542
Traffic Signals	132	132	132	132	131	131	129	129	130	128
<b>Cultural<sup>1</sup></b>										
Park Acreage	345	344	344	344	329	329	329	324	323	323
Parks	24	23	23	23	21	21	21	20	19	19
Swimming Pools	3	3	3	3	4	4	4	5	5	6
Skate Parks	2	2	2	2	2	2	2	2	2	2
Recreation Centers	3	3	3	3	3	3	3	3	3	3
<b>Water Supply and Distribution</b>										
Water Mains (miles)	340	340	340	340	340	340	340	340	330	326
Fire Hydrants	3,433	3,433	3,433	3,412	3,400	3,362	3,362	3,360	3,424	3,390
Storage Capacity (million gallons)	26.5	26.5	26.5	26.5	26.5	27.5	27.5	27.5	27.5	27.5
<b>Wastewater Management</b>										
Sanitary Sewer (miles)	312	312	310	310	310	310	283	283	283	283
Treatment Plant Capacity (million gallons)	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5
<b>SMaRT Station</b>										
Refuse transfer and recovery station capacity (ton per day)	1,599	1,599	1,500	1,500	1,500	1,500	1,500	1,500	1,500	1,500
<b>Golf and Tennis</b>										
Golf Courses	2	2	2	2	2	2	2	2	2	2
Tennis Courts	49	49	49	49	49	49	49	49	38	38

**Source:** City of Sunnyvale, various departments

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