



Sunnyvale

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2024



Photo Credit: Jacqueline Orrell

CITY OF SUNNYVALE

C A L I F O R N I A

We Build Community Trust by Delivering Exceptional Services.



Sunnyvale

Annual Comprehensive Financial Report

For the Fiscal Year Ended

June 30, 2024

City of Sunnyvale

456 West Olive Avenue

Sunnyvale, CA 94086

408-730-7600

Prepared by the Department of Finance
Dennis Jaw, Acting Director of Finance

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City of SUNNYVALE

Department of Finance

456 West Olive Avenue

Sunnyvale, California 94086

408-730-7600

December 4, 2024

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

We are pleased to submit the City of Sunnyvale’s (City) Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. The City Charter (Section 1318) requires that a licensed Certified Public Accountant conduct an annual audit at the end of each fiscal year and issue a complete set of financial statements to be submitted to City Council. The financial statements are presented in accordance with Generally Accepted Accounting Principles (GAAP) in the United States of America and audited in accordance with Generally Accepted Auditing Standards (GAAS).

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

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

The City’s financial statements have been audited by Maze & Associates (Maze), a firm of Certified Public Accountants licensed to practice in the State of California. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2024, 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, 2024, are fairly presented in accordance with GAAP. This is the most favorable conclusion and also commonly known as “clean” opinion. The independent auditor’s report is presented as the first component of the Financial Section of this report.

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

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2024

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

The ACFR is divided into three sections:

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

PROFILE OF THE CITY

Basic Information

The City of Sunnyvale was incorporated on December 24, 1912. The original Charter of the City was prepared in accordance with the provisions of Section 8, Article XI of the Constitution of the State of California and became effective on May 18, 1949. The City operates under a Council-Manager form of government. Policy-making and legislative authority are vested with the City Council. City councilmembers are elected through a district-based electoral system, with a directly elected mayor. Six districts are designated to elect six City councilmembers only by the voters of that district. In addition, a limit applies to permit service on the Council for three consecutive terms but only two as a councilmember or mayor.

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

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2024

PROFILE OF THE CITY, Continued**Component Units**

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

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

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

Types of Services

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

Boards and Commissions

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

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

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

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

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2024

PROFILE OF THE CITY, Continued

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.

Budget

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

Section 1302 of the City Charter also requires the annual submission of a ten-year balanced budget that includes level of service information, historical financial trend data, and charts for ease of understanding the budget. The long-term nature of the City's financial planning system allows decision makers to better understand the effect of policy decisions to prevent changes in service levels during the upturns and downturns of economic cycles.

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

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

LOCAL ECONOMY

The Bay Area Region, one of the most diverse and resilient regions in the United States, has faced volatile economic conditions over the past five years. The decade of strong growth that preceded 2020 was abruptly brought to a halt with the onset of the COVID-19 pandemic (Pandemic). Federal, state, and local government mandates issued during the initial stages of the Pandemic crisis affected almost all economic sectors of the region; however, those mandates were followed by financial relief efforts that aided various stakeholders, including local governments. As a result, the initial negative economic impacts of the Pandemic were partially mitigated, and the early post-Pandemic recovery was promising. However, as we move further into a post-Pandemic environment, the longer-term impacts of the recovery and relief efforts are currently being felt throughout the broader economy. Overall, these longer-lasting economic effects include the permanent shift to remote work and resulting high rate of commercial property vacancies; job losses in the region's economic engine, the technology sector; and a high cost of living, housing shortages, and increasing needs for supportive services.

Chief Finance Officer’s Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2024

LOCAL ECONOMY, Continued

The region’s already high cost of living has been amplified by abnormally high inflationary pressure over the past several years. And while the most recent information indicates that consumer prices may be stabilizing, as the Consumer Price Index (CPI) for the Bay Area region fell 0.1 percent between April 2024 and June 2024, the cumulative increase in the region’s CPI from February 2021 to April 2024 was 15.4 percent according to the Bureau of Labor Statistics¹. To combat inflation, the Federal Reserve (Fed) has been increasing interest rates. Since reaching a rate of 0.25 percent in January 2022, the Fed has been increasing the Federal Funds Rate, which now sits at 5.50 percent. This includes a 4.50 percentage point increase between February 2022 and February 2023 in an effort to slow inflation². With the Federal Funds Rate setting the baseline for the cost of borrowing funds across the spectrum of industries, including consumer loans such as those for automobiles and homes, the increases in the Federal Funds Rate have slowed overall economic activity and started to temper the effects of price inflation. As a result of the latter, the Fed appears poised to begin lowering the Federal Funds Rate as early as September 2024. After lowering the rate by .50 percentage points in September, the Fed lowered the rate by .25 percentage points early November. The two rate cuts in 2024 have reduced the rate to a range of 4.50-4.75 percent.

The region’s employment has been impacted by the uneven economy as well, faring worse in terms of Pandemic recovery than the State of California and the rest of the United States. According to the Bay Area Economic Institute, total employment in the Bay Area remains approximately 1.4 percent below pre-Pandemic levels as of July 2024. This performance lags both California (+2.1 percent) and the United States (+4.2 percent) job recovery. However, even with the more recent job losses in the technology sector, the region has experienced positive job growth over the past 12 months, driven by strong growth in the education and health services sectors³.

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

Sunnyvale’s fiscal resiliency relies heavily on its largest and most stable revenue source, Property Tax. Sunnyvale, along with its neighboring cities, has experienced consistent increases in real estate property values for the past ten fiscal years. Prior to the Pandemic, historically low interest rates, limited supply, and ongoing demand kept market values at record levels year after year.

¹ Bureau of Labor Statistics, Consumer Price Index, San Francisco Area – June 2024; Axios San Francisco, “Where the San Francisco Bay Area Feels Inflation the Most” June 10, 2024

² The Federal Reserve, via Trading Economics: <https://tradingeconomics.com/united-states/interest-rate>

³ Bay Area Economic Council – “Bay Watch July 2024 Jobs Update”

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2024

LOCAL ECONOMY, Continued

While the post-Pandemic landscape has changed with respect to interest rates that have risen sharply, Property Tax revenues have continued to grow, despite a decrease in both median home values and property sales, which has simply slowed the rate of increase in the assessed valuation of properties. With interest rates remaining high, Property Tax is still projected to increase in the next fiscal year; however, the growth rate is expected to be lower than prior years.

Current economic indicators are mixed in terms of whether an economic slowdown is on the horizon. While inflation has appeared to stabilize and the Fed has begun to reduce interest rates, market volatility, consumer confidence, employment levels, and other economic indicators do not clearly demonstrate that a recession of some degree can be avoided. The revenue sources most vulnerable to economic downturn are Sales Tax, Transient Occupancy Tax, and development-related revenues while utility revenues, Utility User Tax and Business License tax are affected to a lesser extent. City staff will continue to monitor shifting economy trends and volatility.

In summary, the City has weathered significant fiscal challenges over the past four years and has remained resilient through these challenges due to prudent strategies and its focus on long-term financial planning. Going forward, the underlying financial foundation of the City is expected to remain strong; however, the impacts of the local economic trends and shifts along with significant expenditure pressures will continue to require the City to exercise a cautious approach in the long-term. The City is well-equipped to deal with the adversity due to its solid fiscal policies, steady leadership and careful financial planning practices.

LONG-TERM FINANCIAL PLANNING

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

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

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2024

LONG-TERM FINANCIAL PLANNING, Continued

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

To address pension funding with a long-term perspective, the Council directed the City Manager to establish a Section 115 Pension Trust (Trust), which was set up in July 2018. The Trust is 1) owned and monitored by the City, 2) managed by a set of separate investment professionals, 3) separate from CalPERS, and 4) expected to provide increased flexibility on use of trust assets as a budget stabilization tool. The only option to reduce the City's reported unfunded pension liability is to pre-fund the pension liability with CalPERS. Alternatively, the Trust, under the City discretion, will hold additional funds committed for pension liabilities in excess of the City's annual required contribution to CalPERS. The amount held in Trust as of June 30, 2024, was \$21.2 million. In the FY 2024/25 Budget, a funding commitment of \$2.0 million is budgeted for each of the next two years. Assets and contributions to the Trust are reported in the Employees Payroll & Benefits Fund, an Internal Service Fund.

With the same long-term analysis, the City has developed a funding plan to address the unfunded liabilities related to retiree medical benefits. Like most governmental agencies, the City had been paying for these expenses on a pay-as-you-go basis. Recognizing that there is a liability for Other Post-Employment Benefits (OPEB) that is not addressed through a pay-as-you-go approach, the City began funding a retiree medical trust fund in FY 2010/11 and has budgeted to pay the full annual required contribution over the long-term plan until the OPEB liability is fully funded. Projected contributions to the OPEB trust are calculated by an actuary hired by the City. Combining with OPEB trust assets and projected contributions, the OPEB liability is expected to be fully funded by the tenth year (FY 2033/34) of the twenty-year financial plan in the FY 2024/25 Budget.

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

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2024

RELEVANT FINANCIAL POLICIES

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

The General Fund currently has four major reserves:

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

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

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

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

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

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2024

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 2024/25:

Civic Center Modernization

The Phase I of the Civic Center Modernization project included the construction of new City Hall and the addition of Public Safety Emergency Operations Center. The construction of the Public Safety Emergency Operations Center addition was finished in September 2022, and the new City Hall construction was complete in early March 2023. The new City Hall is a LEED Platinum and Net Zero Energy green building. Construction costs for Phase I were funded by a variety of sources including lease revenue bonds issued in December 2020, one-time revenues available from properties sold in prior years, reserves accumulated for infrastructure improvements, and Park Dedication Fee revenues collected as a result of development projects.

Phase II of this initiative is to design and construct a new Main Library to meet modern structural and accessibility standards and better meet overall community needs. The City Council approved placing a General Obligation bond measure on the ballot for November 2024. The measure did not reach the 2/3 approval threshold required to pass, and the City will examine other options to move this project forward.

Ability of Infrastructure to Support Development and Traffic

As providing well-maintained transportation infrastructure is critical to Sunnyvale residents and local communities, the City has proactively conducted long-range planning for traffic and transportation needs over several years and remains actively involved in countywide planning efforts. The traffic and transportation projects are mainly funded by Federal grants, local funding such as SB1 Road Maintenance and Repair Act and Measure B, and traditional General Fund, Gas Tax and Vehicle Registration Fee funding. In FY 2024/25, \$25.1 million was budgeted for traffic and transportation improvement projects, including several ongoing pavement rehabilitation and slurry seal projects; sidewalk, curb, and gutter replacement; the Mary Avenue extension; and the Stevens Creek Trail extension. The FY 2024/25 Budget also included two new staff positions in the Traffic and Transportation Division to meet service demand, and it also funds another position, along with materials and equipment, to paint approaches to intersections red pursuant to the new Daylighting to Save Lives Bill (AB 413).

Downtown Sunnyvale

The City Council first adopted the Downtown Specific Plan (DSP) in 2003 and approved the amended DSP in 2017 that incorporated updates resulting from the changed retail market due to rise of internet shopping and a priority of creating a pedestrian-friendly environment and allowing additional employment and housing opportunities nearby the mass transit area. The development in the Downtown remains strong as construction of housing and offices is in progress. Construction at the old Macy's site is nearing completion and will include an office space of 500,000 square feet and 479 apartments over ground floor retail space as part of the Downtown. The City has begun to benefit from increased Property Tax and Sales Tax collections from the commercial and multiple-dwelling residential projects in Downtown as they continue to be completed and occupied.

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2024

MAJOR INITIATIVES, Continued

Going forward, the City will continue its investment in the Downtown by funding Downtown Association events, making improvements to the Murphy Avenue Pedestrian Mall and to bicycle and pedestrian access at the Caltrain station, and replacing the entryway banners to enhance appearance and messaging.

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

The Sunnyvale Climate Action Playbook, adopted in 2019, stemmed from the Sunnyvale Climate Action Plan which the City Council adopted in 2014. The Playbook was completed after actively engaging with the community and contains several key strategies and specific actions to reduce greenhouse gas emissions and to reach the State's ambitious 2050 climate target. After achieving a 31% reduction in greenhouse gas emissions from 1990 levels in 2021, the City continues to make strides towards its goal of reducing carbon emissions 85% by 2045. In the past four years, the City has made significant progress towards this goal by updating the building codes requiring new buildings to be all-electric, offering electric vehicle programs, and installing electric vehicle (EV) chargers for public use. Additionally, the new City Hall was constructed as a net zero building, solar panels were installed at several City buildings to produce and use green energy, electric vehicles continue to be purchased for City use, and installations of new EV chargers at City properties continue to reduce the impact of the City operations on the climate.

The Playbook also includes Game Plan 2028, which is a compilation of next steps to focus in on over the next five years. The intention is to update the Game Plan every five years as new technologies emerge and new State and Federal mandates are enacted. Key Game Plan 2028 strategies include promoting 100% clean electricity, decarbonizing buildings and transportation, sustainable land use, sustainable resource management, and community empowerment.

The Active Transportation Plan (ATP) approved in 2020 addresses the need to create a safe, connected and efficient citywide walking and bicycling network as Sunnyvale residents and workers are increasingly interested in bicycling and walking as healthy, safe, and convenient modes of transportation. Therefore, the City continues to seek funding sources and focus on implementing projects that result in making infrastructure and roadway improvements associated with making biking and walking effective and reliable transportation modes in Sunnyvale. Significant ongoing ATP projects include the Evelyn Avenue Multi-use Trail, the Stevens Creek Trail extension, the East Channel Trail study, bicycle planning improvement studies, and improvements in the Arbor/La Linda and San Miguel neighborhoods.

The Vision Zero Plan approved in 2019 builds on City's years of investment in transportation safety, as addressing this issue remains highly important to ensure that all road users in Sunnyvale – pedestrians, bicyclists, transit users, and those with mobility impairments – can travel with comfort and ease. Since 2012, the collision rate has declined by 30 percent, and Sunnyvale now has fewer collisions than 80 percent of cities of comparable size in California. The City continues with its commitment to eliminate preventable traffic fatalities and serious injuries and to work towards an established goal to reduce fatalities and serious injuries on Sunnyvale's streets by fifty percent by 2029. As the City continues to prioritize traffic safety and transportation improvement projects and monitor its progress towards the established goal, the FY 2024/25 Adopted Budget includes funding for programs such as bicycle and pedestrian education and encouragement, targeted traffic enforcement through Office of Traffic Safety grants, and a pedestrian collision investigation pilot program.

Chief Finance Officer's Letter of Transmittal, Continued
Fiscal Year Ended June 30, 2024

MAJOR INITIATIVES, Continued

Equity, Access and Inclusion

The City Council established Equity, Access and Inclusion (EAI) as one of its strategic priorities in 2021. The City is committed to ethical service delivery and to meet the needs of all community members regardless of race, religion, ancestry, ethnicity, ability, and gender identity. All City employees are expected to serve every member of the public with courtesy, respect, professionalism and impartiality. Over the past several years, funding has been appropriated to conduct an EAI needs assessment analysis, as well as provide staff training to foster a culture of community respect, equity, and inclusion, as well as improve access to City services and equitable outcomes for residents. Establishing a Human Relations Commission, holding citywide EAI training, and forming the City's Sunnyvale Employees for Equity and Diversity (SEED) team are other City initiatives implemented since 2021. The FY 2024/25 Adopted Budget includes funding to implement SEED team recommendations from its strategic plan, with the initial effort focused on improvements to internal communications, as developed by a city-wide Innovation Team.

Unhoused Community Support

One of the City Council's recent strategic policy priorities is to support unhoused residents. The FY 2023/24 Budget added a new position for managing homeless services and appropriated an additional \$500,000 in funding to extend the pilot program to provide case management, shelter beds, and encampment cleanups. The Homeless Services Manager has been hired and programming has begun, and the FY 2024/25 Adopted Budget continues to expand support services. This includes a Housing Specialist position being added to increase resources dedicated to unhoused support services, incorporating new State funding (Permanent Local Housing Allocation funds) into program initiatives, and adding \$500,000 for anticipated costs related to a service provider contract. The City also partners with several public and nonprofit agencies to help prevent homelessness. These agencies offer services and resources to unhoused residents such as meals, counseling, legal help, basic needs services, employment assistance, and housing subsidies. The City regularly provides financial support for programs and initiative of these agencies.

RECOGNITION, AWARDS, AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Sunnyvale for its Annual Comprehensive Financial Report for the fiscal year ended June 30, 2023. This was the thirty-eighth consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one-year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate program requirements. This report will be submitted to GFOA to determine its eligibility for another certificate.

***Chief Finance Officer's Letter of Transmittal, Concluded
Fiscal Year Ended June 30, 2024***

RECOGNITION, AWARDS, AND ACKNOWLEDGEMENTS, Continued

The City received the Distinguished Budget Presentation Award from GFOA for the City's adopted budget for the fiscal year ended June 30, 2024. This was the thirty-fifth consecutive year that the City has received this award. In order to qualify for the award program, the City's budget document must be judged to be proficient in four categories including policy document, financial plan, operations guide, and communications device.

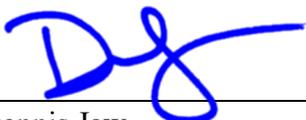
Since 1999, the City's investment policy has received certification by the Association of Public Treasurers of the United States and Canada (Association). The Association provides professional guidance and assistance in improving investment policies in the public sector. At least three experts in the field review the investment policies and those jurisdictions that comply with Association's criteria are presented with the Association's Written Investment Policy Certification.

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

The preparation of this Annual Comprehensive Financial Report could not have been accomplished without the professional, efficient, and dedicated service of the staff of the Department of Finance. In particular, I would like to express my appreciation to the following members of the Finance Department who contributed to the development of this report: Juan Castro, Principal Accountant; Hema Gajaria and Jenny Chang, Senior Accountants; Luis Cuellar, Bhavana Menghrajani, and Veronica Alberto, Accountants; Eli Veloz, Senior Accounting Technician, Tim Kashitani, Administrative Aide; and Inderdeep Dhillon, Accounting Manager. I also wish to thank our auditors, Maze and Associates, for their cooperation and assistance.

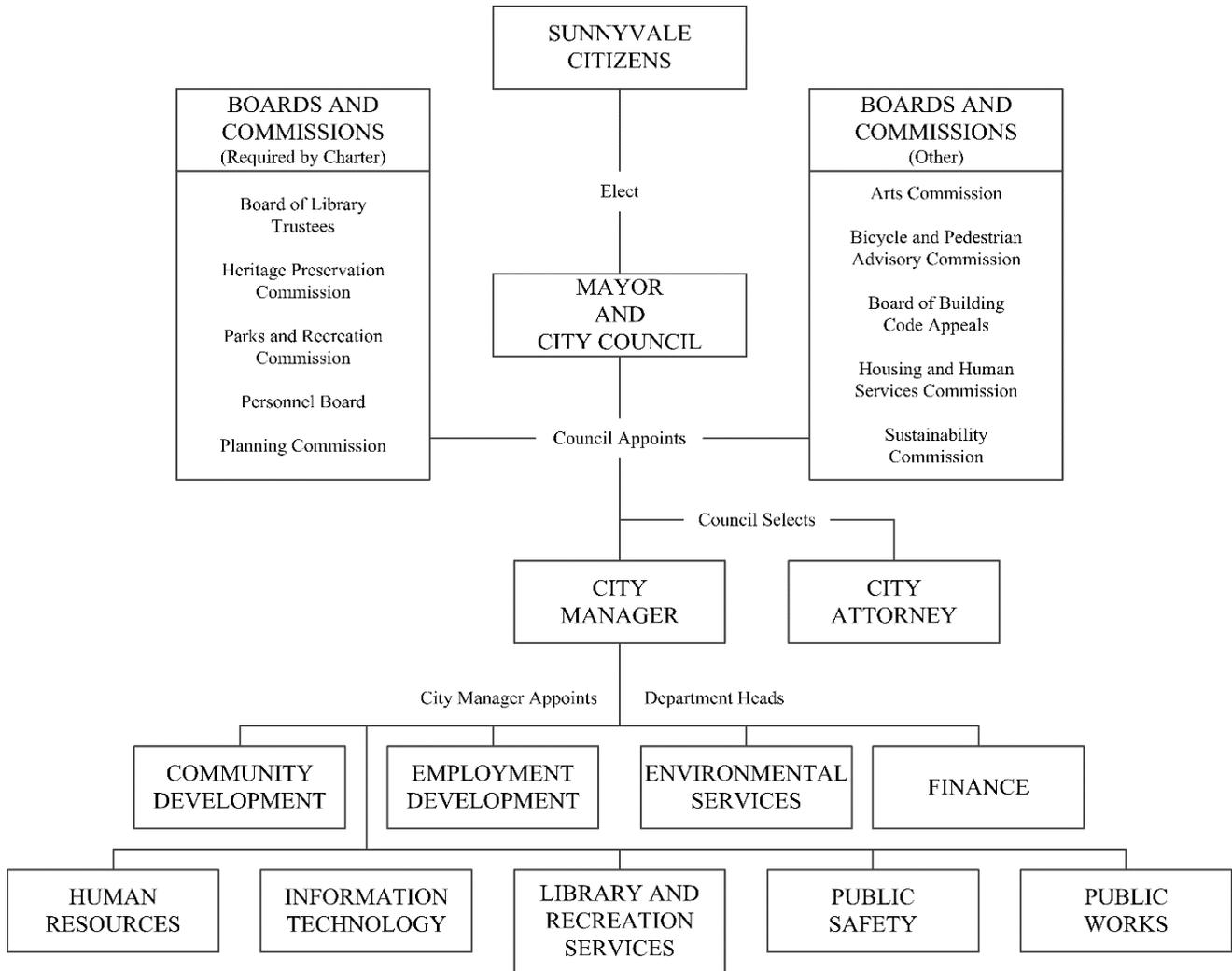
Sincere appreciation is also expressed to the City Manager and members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and thoughtful manner.

Respectfully submitted,



Dennis Jaw
Acting Director of Finance

Organization Chart
Fiscal Year Ended June 30, 2024



Larry Klein
Mayor

Murali Srinivasan
Vice-Mayor

Linda Sell
Councilmember

Russ Melton
Councilmember

Omar Din
Councilmember

Alysa Cisneros
Councilmember

Richard Mehlinger
Councilmember

Kent Steffens
City Manager

Sarah Johnson-Rios
Assistant City Manager

Chip Taylor
Director of Public Works

Kathleen Boutté Foster-Gee
Chief Information Officer

Trudi Ryan
Director of Community Development

Timothy J. Kirby
Director of Finance

Tina Murphy
Director of Human Resources

Rebecca Moon
City Attorney

Marlena Sessions
Director of Employment Development

Phan S. Ngo
Director of Public Safety

Ramana Chinnakotla
Director of Environmental Services

Michelle Perera
Director of Library & Recreation Services

Directory of Boards and Commissions
Fiscal Year Ended June 30, 2024

Arts Commission

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

Bicycle and Pedestrian Advisory Commission

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

Board of Library Trustees

Chang, Charlsie
Hu, Carter
Jain, Rahul
Juttukonda, Meena
Wang, Sharlene

Heritage Preservation Commission

Caroompas, Steve
Garrett, William
Johnson, Sue-Ellen
Patel, Sarosh
Rajkumar, Ashmita
Sharma, Pamela
Sofaer, Aaron

Housing and Human Services Commission

Davis, Jim
Duncan, Scott
Hiremath, Ken
Leshner, Richard
Riviere, Leesa
Selan, Patti
Vickrey, Barry
Vacant

Human Relations Commission

Camacho, Claudia
Ramisetty, Venkata Siva
Rosenfeld, Esther
Syquia, Nenuca
Zapata, Maria Paulina

Parks and Recreation Commission

Bremond, Daniel
Gattani, Prashant
Giri, Prakash
Kesting, David
Mason, Dona

Personnel Board

Ketzel, Marc
Vickrey, Barry
Selan, Patti
Leshner, Richard

Planning Commission

Davis, Galen
Howard, Daniel
Howe, John
Iglesias, Nathan
Pyne, Martin
Serrone, Michael
Shukla Neela

Sustainability Commission

Kunz, Douglas
Makwana, Bobbykin
Nabhan, Jeffrey
Parenteau, Richard
Pistone, Kristina
Veitch, Tonya
Wickham, Kristel



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Sunnyvale
California**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Sunnyvale, California (City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the Table of Contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other required supplementary information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 27, 2024

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Management's Discussion and Analysis (Unaudited)

*Management's Discussion and Analysis
Fiscal Year Ended June 30, 2024*

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, 2024. 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, 2024, the City's total net position was \$1,572.4 million, an increase of \$50.8 million or 3.3% over prior year. This increase was corresponding to the changes in the following financial statement elements: (1) total assets increased by \$58.5 million or 2.5% mostly due to net additions of capital assets of \$85.9 million or 7.0% and; (2) receivables increased by \$19.9 million or 12.6% from prior year; (3) Deposit and Investments Held by the City decreased by \$52.9 million or 5.7% from prior year; (4) total liabilities increased by \$12.1 million or 1.3% mainly due to net increases in other Liabilities (noncurrent) of \$2.5 million and net pension liability of \$22.1 million while other (current) liabilities and net OPEB liability decreased by \$5.0 million and \$7.5 million; and (5) deferred outflows and deferred inflows respectively decreased by \$5.5 million and \$9.9 million from prior year. Pension and OPEB-related items represented a predominant portion of both deferred outflows and deferred inflows of resources.
- The City's total revenues were \$553.4 million, which were \$5.8 million or 1.1% lower than prior year. Notable revenue decreases were seen in Charges for Services of \$48.3 million, and Capital Grants and Contributions of \$8.4 million decreased due to continued weak construction development activity and slow economic growth rate experienced during the current year in comparison to prior year. On a positive note, General Revenues including Property Taxes, Sales and Use Taxes, and Other Taxes were higher by \$9.0 million, \$2.3 million, and \$1.6 million, respectively. Investment earnings were \$42.3 million in current year due to higher rates of return. General Revenues increased primarily due to a resilient real estate market and continued upward trend in assessment values. Overall, the local economy remained stable and the revenue nearing pre-pandemic levels. The City's total expenses were \$502.7 million, an increase of \$61.5 million or 13.9% from prior year. Increases in expenses were primarily due to general increases to cost of providing services such as higher salaries, benefits, contractual services costs and pension expenses accrued at yearend.
- Total Governmental Activities program and general revenues were \$307.9 million, which was \$14.2 million or 4.4% lower than prior year. Charges for Services, and Capital Grants and Contributions were lower by \$48.6 million and \$9.7 million, respectively. These decreases were offset by increases in General tax revenues by \$12.9 million over the prior year due to a strong local economy and resilient consumer base. Operating Grants and Contributions increased by \$6.5 million over the prior year due to higher federal and state grants reimbursements received for roadway maintenance costs. Investment earnings increased by \$24.9 million and largely contributed to offset the revenue decreases.
- Total Business-type Activities program revenues were \$233.7 million, which is a decrease of \$1.4 million from prior year. This was primarily due to a decrease in Operating Grants and Contributions by \$2.9 million over prior year while Capital Grants and Contributions had an increase of \$1.3 million.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

A. FINANCIAL HIGHLIGHTS, Continued

- The City's Total Net Pension Liabilities increased by \$22.1 million or 5.0%, which was mainly due to higher covered payroll costs and the CalPERS's investments rate of return of 6.1% was below the target rate of return of 6.8% as of June 30, 2023. Net Other Post-Employment Benefit (OPEB) liabilities decreased by \$7.5 million, or 16.6%. The decrease in liabilities was mainly due to the appreciation of the fair value of the Plans' investments in the prior year. This resulted in an increase to the Plan net position as of June 30, 2023, which is factored in calculating respective net pension and net OPEB liabilities reported as of June 30, 2024.
- The City's governmental funds reported a combined fund balance of \$665.9 million, a decrease of \$1.0 million or .1% from prior year's fund balance of \$664.9 million.
- The General Fund's fund balance was \$181.6 million, an increase of \$12.6 million or 7.4% from prior year. Property Taxes (\$9.0 million), Sales and Use Taxes (\$2.3 million), Other Taxes (\$1.6 million) were higher than prior year. Investment earnings (\$7.1 million) were significantly higher than the prior year, due to higher interest rates in the current year. Total expenditures (\$22.3 million) increased from prior year, primarily due to higher salaries, benefits, pension, and operational costs as well as providing funding for unhoused residents accommodations and financial assistance to a local agency. The General Fund made several transfers to other City Funds in the amount of \$19.5 million, mainly for subsidies of various activities, debt service payments, and capital projects during the current year.
- The City contributed \$4.8 million in a stand-alone trust account in its on-going efforts to address unfunded pension liabilities in the long-term. As of June 30, 2024, the account balance totaled \$21.2 million reported as Deposits and Investments Held with Fiscal Agent or Trustee in the Employee Payroll & Benefits Fund, an Internal Service Fund. In addition, the City contributed \$5.2 million to CalPERS to pay off selected individual balances of investment losses amortized over 17-20 years. The interest is accrued over the amortization period of those losses. Early payoff will help yield long term savings and aid in reducing future pension liabilities.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

B. OVERVIEW OF FINANCIAL STATEMENTS

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

Government-wide Financial Statements

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

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

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

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

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

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

B. OVERVIEW OF FINANCIAL STATEMENTS, Continued

Fund Financial Statements

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

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

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

The City maintains 22 individual governmental funds belonging to the governmental fund types: General, Special Revenue, Debt Service, and Capital Project. Information is presented separately in the governmental fund financial statements for the following major governmental funds: General Fund, Housing Special Revenue Fund, Park Dedication Special Revenue Fund, City Projects Fund, Infrastructure Renovation and Replacement Fund, and Civic Center Capital Project Fund. Data from the other 15 nonmajor governmental funds are combined into a single aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

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

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

B. OVERVIEW OF FINANCIAL STATEMENTS, Continued

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

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

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

Notes to the Basic Financial Statements

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

Other Information

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

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

Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

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 2023/24, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,572.4 million. This was an increase of \$50.8 million or 3.3% from prior year.

The following is the condensed statement of net position for the fiscal years ended June 30, 2024 and 2023.

Condensed Statement of Net Position
June 30, 2024 and 2023
(Amounts in Millions)

	Governmental Activities		Business- Type Activities		Total		% Change
	2024	2023	2024	2023	2024	2023	
Assets:							
Current and Other Assets	\$802.4	\$802.8	\$283.2	\$310.2	\$1,085.6	\$1,113.0	(2.5)%
Capital Assets, Net	891.8	860.5	425.7	371.1	1,317.5	1,231.6	7.0%
Total Assets	<u>1,694.2</u>	<u>1,663.3</u>	<u>708.9</u>	<u>681.3</u>	<u>2,403.1</u>	<u>2,344.6</u>	2.5%
Deferred Outflows of Resources							
	<u>125.5</u>	<u>128.6</u>	<u>25.8</u>	<u>28.2</u>	<u>151.3</u>	<u>156.8</u>	(3.5)%
Liabilities:							
Other Liabilities	51.5	59.0	43.3	40.8	94.8	99.8	(5.0)%
Noncurrent Liabilities	168.0	174.8	178.6	169.3	346.6	344.1	0.7 %
Net Pension Liability	400.5	381.3	67.9	65.0	468.4	446.3	5.0 %
Net OPEB Liability	31.1	36.8	6.7	8.5	37.8	45.3	(16.6)%
Total Liabilities	<u>651.1</u>	<u>651.9</u>	<u>296.5</u>	<u>283.6</u>	<u>947.6</u>	<u>935.5</u>	1.3 %
Deferred Inflows of Resources							
	<u>25.4</u>	<u>33.0</u>	<u>9.0</u>	<u>11.3</u>	<u>34.4</u>	<u>44.3</u>	(22.3)%
Net Position:							
Net Investments in Capital Assets	745.3	711.9	249.3	207.3	994.6	919.2	8.2%
Restricted	419.1	422.5	8.3	6.6	427.4	429.1	(0.4)%
Unrestricted	<u>(21.2)</u>	<u>(27.4)</u>	<u>171.6</u>	<u>200.7</u>	<u>150.4</u>	<u>173.3</u>	(13.2)%
Total Net Position	<u>\$ 1,143.2</u>	<u>\$ 1,107.0</u>	<u>\$ 429.2</u>	<u>\$ 414.6</u>	<u>\$ 1,572.4</u>	<u>\$ 1,521.6</u>	3.3%

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

At June 30, 2024, the largest portion of the City's net position (\$994.6 million or 63.3%) reflects the City's net investment in capital assets. This component consists of capital and subscription assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of borrowings attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources attributable to the addition of those assets or related debt are also included. The City uses these capital assets (land, buildings, equipment, vehicles, and infrastructure) to provide services to residents. 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 (\$427.4 million or 27.2%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted net position is \$150.4 million, which includes a deficit of \$21.2 million in governmental activities and a surplus of \$171.6 million in business-type activities.

Under GASB Statements No. 68 and No. 75, the annual pension/OPEB expense reported in FY 2023/24 is the change in net pension/OPEB liability from the previous year (measured as of June 30, 2022) to the current year (measured as of June 30, 2023), along with changes in pension- and OPEB-related deferred outflows and inflows of resources.

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

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

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

Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Analysis of Changes in Net Position

Condensed Statement of Changes in Net Position
Years Ended June 30, 2024 and 2023
(Amounts in Millions)

	Governmental Activities		Business-Type Activities		Total		% Change
	2024	2023	2024	2023	2024	2023	
Revenues:							
Program Revenues:							
Charges for Services	\$ 19.2	\$ 67.8	231.4	231.2	\$ 250.6	\$ 299.0	(16.2)%
Operating Grants and Contributions	22.5	16.0	1.0	3.9	23.5	19.9	18.1 %
Capital Grants and Contributions	21.8	31.5	1.3	-	23.1	31.5	(26.7)%
Total Program Revenues	63.5	115.3	233.7	235.1	297.2	350.4	(15.2)%
General Revenues:							
Property Taxes	129.1	120.1	-	-	129.1	120.1	7.5 %
Sales and Use Taxes	40.7	38.4	-	-	40.7	38.4	6.0 %
Other Taxes	44.0	42.4	-	-	44.0	42.4	3.8 %
Investment Earnings	30.5	5.6	11.8	2.2	42.3	7.8	442.3 %
Interest on Advances to Business-Type	0.1	0.3	-	-	0.1	0.3	-
Total General Revenues	244.4	206.8	11.8	2.2	256.2	209.0	22.6 %
Total Revenues	307.9	322.1	245.5	237.3	553.4	559.4	(1.1)%
Expenses:							
Planning and Management	27.7	23.3	-	-	27.7	23.3	18.9 %
Public Safety	131.6	115.0	-	-	131.6	115.0	14.4 %
Community Development	12.9	8.7	-	-	12.9	8.7	48.3 %
Public Works	58.2	48.3	-	-	58.2	48.3	20.5 %
Environmental Services	4.7	3.6	-	-	4.7	3.6	30.6 %
Library & Recreation Services	26.8	23.6	-	-	26.8	23.6	13.6 %
NOVA Workforce Services	10.4	8.8	-	-	10.4	8.8	18.2 %
Water Supply and Distribution	-	-	63.4	54.3	63.4	54.3	16.8 %
Wastewater Management	-	-	44.4	41.3	44.4	41.3	7.5 %
Solid Waste Management	-	-	61.4	57.4	61.4	57.4	7.0 %
SMaRT Station	-	-	29.9	27.7	29.9	27.7	7.9 %
Development	-	-	20.2	19.1	20.2	19.1	5.8 %
Golf and Tennis Operations	-	-	6.5	5.5	6.5	5.5	18.2 %
Interest on Long-term Debt	4.5	4.6	-	-	4.5	4.6	-
Total Expenses	276.8	235.9	225.8	205.3	502.6	441.2	13.9 %
Increase in Net Position before Transfers	31.1	86.2	19.7	32.0	50.8	118.2	(57.0)%
Transfers	5.1	2.2	(5.1)	(2.2)	-	-	-
Increase in Net Position	36.2	88.4	14.6	29.8	50.8	118.2	(57.0)%
Net Position - Beginning of Year	1,107.0	1,018.6	414.6	384.8	1,521.6	1,403.4	8.4 %
Net Position - Ending of Year	\$ 1,143.2	\$ 1,107.0	\$ 429.2	\$ 414.6	\$ 1,572.4	\$ 1,521.6	3.3 %

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Governmental Activities

Current year transactions resulted in an increase of \$36.2 million in net position from prior year. The key elements of this change were as follows:

Revenue Highlights:

- Total revenues before transfers were \$307.9 million, which was \$14.2 million lower than prior year. Program revenues and General tax revenue collections totaled \$63.5 million and \$213.8 million, respectively. General tax revenues increased by \$12.9 million from prior year while program revenues decreased by \$51.8 million. Charges for Services and Capital Grants and Contributions decreased by \$48.6 million and \$9.7 million, respectively. Operating Grants and Contributions and Investment earnings increased by \$6.5 million and \$24.9 million, contributing to offset these decreases.
- Charges for Services for governmental activities were lower by \$48.6 million from prior year primarily due to a significant drop in commercial, rental and housing construction projects. This affected park dedication fees, traffic mitigation fees, and developer contributions experienced significant decreases as large multiunit nonresidential construction projects did not start in current year.
- Operating Grants and Contributions were higher by \$ 6.5 million over the prior year, which was mainly due to state and local funding received for traffic safety and transportation improvements related projects, including state grants, local grants, and State gas tax allocations of \$1.6 million, \$2.6 million, and \$3 million, respectively.
- Capital Grants and Contributions decreased by \$9.7 million over prior year due to lower developer contributions for parks and transportation improvement and enhancement related projects. A decrease in construction activity was caused by a rapid rise in construction and material costs and high borrowing rates.
- Total property tax revenues were higher by \$9.0 million or 7.5% than prior year. The growth in this revenue source was due to continued increases in assessed value of commercial and residential real estate properties. This is the twelfth consecutive year of property tax revenue growth.
- Sales and use tax revenue was higher by \$2.3 million or 6.0% than prior year. The increase was due to higher costs of durable and non-durable goods, and cost of services as well as consumer spending continued to stay up with high employment rate.
- Other tax revenues increased by \$1.6 million or 3.8% from prior year. TOT tax revenue increased by \$1.9 million from prior year mainly due to higher hotel and short-term rental occupancy rates as the hospitality industry continues to recover. Construction and real property transfer transactions were lower by \$.7 million due to slow down in construction activity and high mortgage rates, resulting in fewer real estate property exchanges in current year. Utilities Users Taxes slightly increased by \$.4 million mainly due to elevated energy (electric and gas) costs.

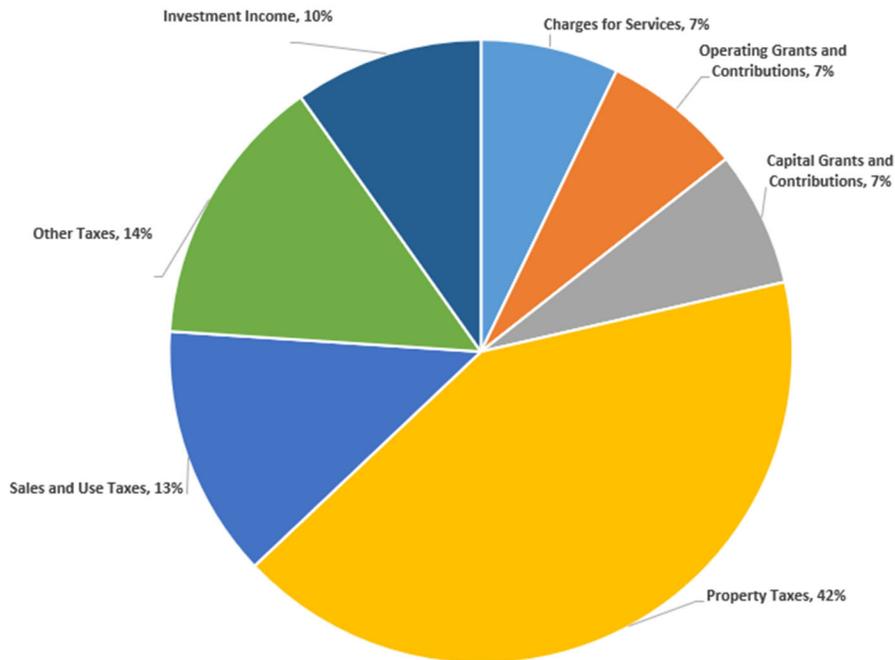
Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

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

	Total Other Tax Revenues		% Change
	2024	2023	2024-2023
Transient Occupancy Taxes (TOT)	\$ 18.9	\$ 17.0	11.2 %
Utility Users Taxes	10.8	10.4	3.8 %
Construction & Real Property Transfers	4.6	5.3	(13.2)%
Franchise Fees (based on gross receipts)	7.8	7.7	1.3 %
Business License Taxes	1.9	2.0	(5.0)%
Total	\$ 44.0	\$ 42.4	3.8 %

Governmental Activities
Revenues by Source
June 30, 2024



Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expense Highlights

Functional expenses for the years ended June 30, 2024 and 2023 were as follows (amounts in millions):

	Total Cost of Services		Percentage	Net Cost of Services		Percentage
	2024	2023	Change	2024	2023	Change
Planning and Management	\$ 27.7	\$ 23.3	18.9 %	\$ 26.0	\$ 21.6	20.4 %
Public Safety	131.6	115.0	14.4 %	126.2	109.7	15.0 %
Community Development	12.9	8.7	48.3 %	4.9	(46.7)	(110.5)%
Public Works	58.2	48.3	20.5 %	27.5	11.0	150.0 %
Environmental Services	4.7	3.6	30.6 %	4.7	3.5	34.3 %
Library & Recreation Services	26.8	23.6	13.6 %	19.6	17.2	14.0 %
NOVA Workforce Services	10.4	8.8	18.2 %	(0.1)	(0.3)	(66.7)%
Total	\$ 272.3	\$ 231.3	17.7 %	\$ 208.8	\$ 116.0	80.0 %

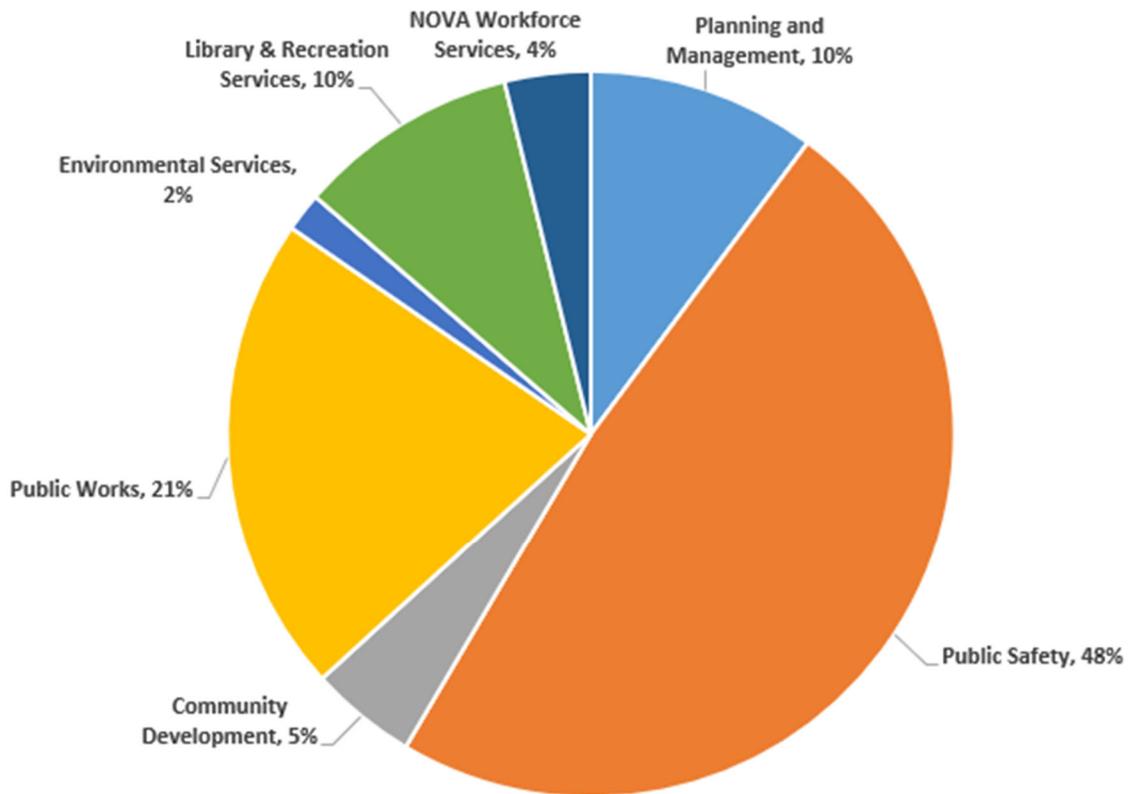
- The functional expenses presented in the preceding table consist of depreciation, uncapitalized operating expenses and capital outlay, the allocated effect of consolidating internal service fund activities, the recognition of the changes in net pension liability and net OPEB liability and the amortization of pension- and OPEB-related deferred outflows and inflows of resources.
- Expense for governmental activities (excluding interest on long-term debt) was \$272.3 million, which was \$41.0 million or 17.7% higher than prior year. The increase was mainly due to higher operational costs across all departments caused by higher negotiated salaries, benefits, and elevated costs of providing services in an inflationary environment.
- Planning and Management expense increased by \$4.4 million or 18.9% from prior year, mainly due to higher salaries and benefits costs.
- Public Safety costs were higher by \$16.6 million or 14.4% mainly due to overall increases in salaries, benefits, and pension costs for the year.
- Public Works (PW) costs were higher by \$9.9 million or 20.5% mainly due to overall increases in salaries, benefits, and depreciation expense for the year. The PW depreciation expense increased as this was the first year new City Hall being operational and was included in depreciable assets.
- Community Development expenses were higher by \$4.2 million from prior year because \$4.0 million was contributed to help Sunnyvale Community Services (SCS) pay off an outstanding loan with high interest rate. SCS is the only non-profit agency in Sunnyvale, which administers food aid and homelessness hunger prevention programs and provides emergency financial assistance, including help with rent, rental deposits, utility bills and pass-through direct assistance to the local community.

Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

- NOVA Workforce Services expenses were higher by \$1.6 million or 18.2% from prior year, primarily due to incurrence of increased pass-through grant expenses and benefits expenses in current year.

**Governmental Activities
Expenses by Department
June 30, 2024**



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, 2024

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Business Type Activities

	Program Revenues		% Change	Program Expenses		% Change
	(amounts in millions)			(amounts in millions)		
	2024	2023	2024-2023	2024	2023	2024-2023
Business-Type Activities:						
Water Supply & Distribution	\$ 60.6	\$ 60.1	0.8 %	\$ 63.4	\$ 54.3	16.8 %
Wastewater Management	56.6	61.4	(7.8)%	44.4	41.3	7.5 %
Solid Waste Management	62.5	57.5	8.7 %	61.4	57.4	7.0 %
SMaRT Station	31.6	29.0	9.0 %	29.9	27.7	7.9 %
Development	17.1	22.1	(22.6)%	20.2	19.1	5.8 %
Golf and Tennis Operations	5.3	5.0	6.0 %	6.5	5.5	18.2 %
Total	\$ 233.7	\$ 235.1	(0.6)%	\$ 225.8	\$ 205.3	10.0 %

Revenue Highlights:

- Total program revenues in business-type activities decreased by \$1.4 million or .6% from prior year. The Development operating revenues decreased by \$5.0 million primarily due to a slowdown in large sized multiple-unit housing and commercial construction projects in comparison to the prior year. The reduction in development also contributed to a decrease in water and sewer connections fees .
- Water, Wastewater, and Solid Waste services rates increased by 4%, 9%, and 6% respectively in FY 2023/24. Water and Wastewater rate increases were necessary to pay for increased prices of the wholesale water, rising costs of operations, regulatory changes, and to cover infrastructure upgrades improvements and replacements. Solid waste rates increased mainly to meet state regulations (Zero Waste Initiatives) for recycling.
- Water Supply & Distribution revenue had a slight increase of \$.5 million or .8% due to higher water consumption over the prior year. However, Wastewater Management revenue was lower by \$4.8 million, or 7.8%, which was primarily due to the aforementioned decrease in sewer connection fees.
- Solid Waste Management revenue was higher by \$5.0 million or 8.7% than prior year due to service rate increases. SMaRT Station revenue also increased by \$2.6 million or 9.0% mainly due to a state grant of \$1.0 million to help the City comply with continued mandated recycling requirements.
- Development revenue had a decrease of \$5.0 million or 22.6% in comparison to prior year. Construction activity substantially slowed down in current year. Consequently, building permits and permit application fees collections were lower than the prior year.

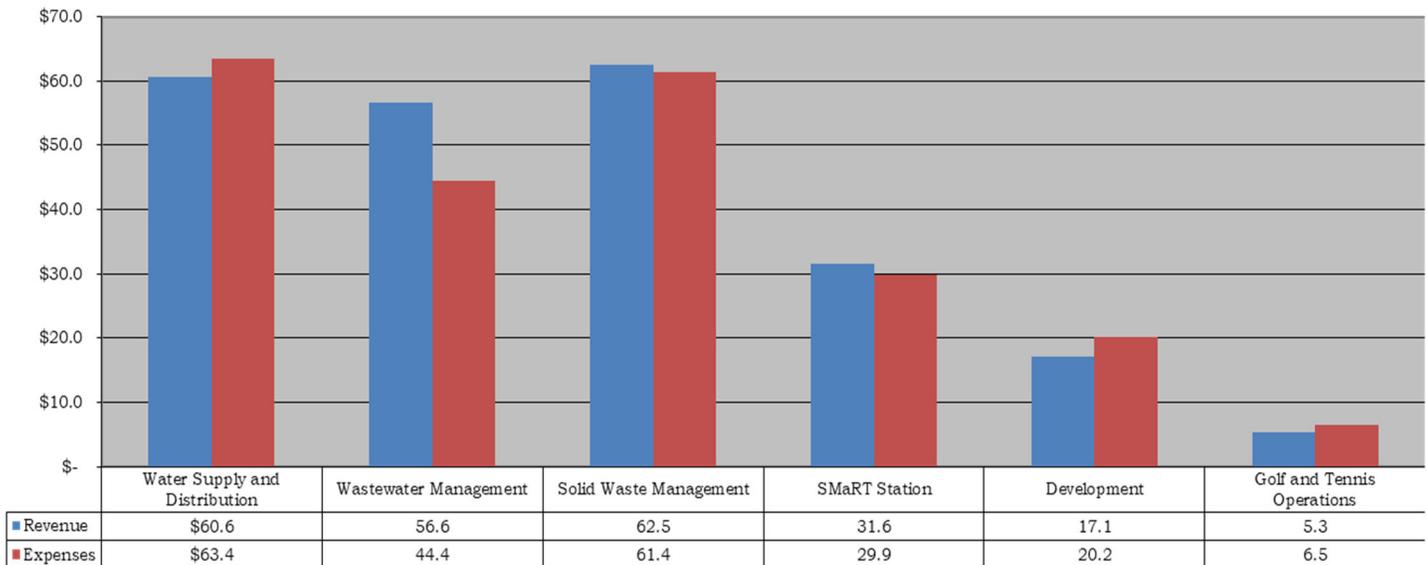
Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS, Continued

Expense Highlights:

- Total business-type activities expenses increased by \$20.5 million or 10.0% over prior year. For these Funds, total personnel services were higher by \$4.0 million, and net increases to contractual services were \$8.4 million over the prior year. Personnel services for all programs were higher mainly due to increased salaries, benefits, and pension expenses. Solid Waste and SMaRT Station significantly contributed to Contractual services increases mainly due to higher hauling, transporting, disposing solid waste, and dropping recycled materials costs. These increases were offset by lower contractual services of \$1.3 million in Wastewater and Development programs due to lower external consulting costs.
- Wastewater Management had higher personnel services and material and supplies expenses of \$1.4 million and \$.5 million in comparison to prior year due to full staffing, leading to increased salaries, benefit and pension expenses for the year. Solid Waste Management experienced a net increase of \$4.1 million program service costs. This increase was mainly to increases in hauling, transferring, and disposing solid waste, and higher state regulation compliance costs to increase organic recycling. In addition, current contract vendor agreements included higher pricing structure for solid waste services and SMaRT Station operations.

Business-Type Activities
Program Revenues and Expenses (amounts in millions)
June 30, 2024



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, 2024

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, 2024, the City's governmental funds reported a combined fund balance of \$665.9 million, an increase of \$1.0 million or .1% from prior year. Approximately \$95.1 million or 14.3% of the combined fund balance constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of the fund balance is either non-spendable, restricted, committed, or assigned to indicate that it is 1) not in spendable form (\$4.7 million), of which legally required to be maintained intact (\$1.6 million); 2) restricted for particular purposes (\$397.9 million); 3) committed for particular purposes (\$80.4 million); or 4) assigned for particular purposes (\$87.8 million).

Total revenues decreased by \$10.7 million or 3.4% from prior year. A net decrease to Service fees was \$51.3 million from prior year. Park Dedication service fees, traffic impact and mitigation service fees decreased by \$47.3 million and \$3.9 million mainly due to continued slowdown in commercial and residential construction development projects in the current year. These decreases were offset by increases in investment earnings (\$22.2 million) and intergovernmental revenues (\$5.7 million) Additionally, Property Taxes (\$9.0 million), Sales and Use Taxes (\$2.3 million) Other Taxes (\$1.6 million) were higher from prior year.

Total governmental funds expenditures increased by \$25.8 million from prior year. A net increase to the departmental expenditures was \$29.0 million mainly due to higher salaries and benefits costs. Public Safety had the largest increase of \$14.2 million due to higher salary, benefits, overtime, on-the-job training and recruitment costs. Community Development accounts for affordable housing and community improvement, and community related expenditures increased by \$4.6 million as the City provided \$4.0 million in financial assistance to the SCS, a local non-profit agency, which administers homelessness prevention and food distribution programs in Sunnyvale. Public Works expenditures of \$3.8 million increased mainly due to higher salaries, benefits, utilities and facilities repairs and maintenance costs.

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

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

General Fund

The General Fund is the chief operating fund of the City. At the end of this fiscal year, total fund balance was \$181.6 million, of which \$95.3 million or 52.5% was unassigned. Unassigned fund balance represented 42.7% and total fund balance represented 81.3% of total General Fund expenditures, showing significant liquidity in the

Fund. 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 increased by \$12.6 million over the course of the fiscal year. Revenues exceeded expenditures by \$19.6 million. Transfers to other funds were \$19.5 million, compared to transfers of \$12.5 million received from other funds. Transfer to other funds were mainly to provide funding for capital projects, debt service payments, and operational subsidies.

Total General Fund revenues were \$242.8 million, which was an increase of \$20.4 million over prior year. Property Taxes, Sales and Use Taxes, and Other Taxes increased by \$9.0 million, \$2.3 million, and \$1.6 million, respectively. Higher assessment values of real estate properties contributed to the increase in Property Taxes collections. Sales Tax and Use taxes allocations increased as a direct correlation to inflationary pressures. Other Taxes were higher mainly due to large increase in transient occupancy tax as corporate/business travel activity remained strong in current year. As interest rates remained high throughout the year, investment earnings increased by \$7.1 million in comparison to prior year. Refer to the revenue highlights in the preceding section about government-wide analysis for additional details.

Total General Fund expenditures were \$223.2 million, which was \$22.3 million or 11.1% higher than prior year. Public Safety Services had the highest expenditure increase of \$14.3 million primarily due to higher pay rates and overtime incurred to backfill vacant positions due to vacancies.

Planning & Management expenditures were higher by \$2.5 million, which was mainly due to higher salaries and benefits costs. Community Development expenditures (net) increased by \$4.1 million as the City provided \$4.0 million financial assistance to Sunnyvale Community Services to pay off their mortgage loan and \$.4 million was spent on providing temporary housing to unhoused individuals while decreased construction activities helped offset the increase. Public Works expenditures rose by \$3.7 million from prior year due to salary, benefits, and high utility costs. Library & Recreation Services increased by \$2.4 million from prior year primarily due to increased salaries and benefits costs as well as cost increases associated with acquiring library materials. These increases were offset by a decrease in Capital outlay expenditures by \$4.1 million as the Civic Center Modernization Project Phase I is closed to completion. Total transfers out were \$19.5 million, of which \$6.9 million were transferred to Internal Service Funds that included \$4.2 million for Financials and HR/Payroll ERP stabilization and support and \$2.7 million for capital project administration support. The rest of the transfers out were \$3.2 million to Infrastructure Renovation and Replacement Fund for city facilities improvements, \$7.3 million to the Civic Center Lease Revenue Bonds Fund for debt service payments, and \$2.1 million to the Golf Fund as an operational subsidy.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

Housing Special Revenue Fund

The Housing Special Revenue Fund is used to account for housing mitigation fees and Below-Market-Rate Housing (BMR) fees, fines, and activity of loans to qualified borrowers. Expenditures are for operating activities related to developing affordable housing and managing the City's BMR program, and for capital and special projects that produce new and affordable housing. The Housing Special Revenue fund balance decreased by \$3.2 million in FY 2023/24. Total revenue and total expenditures were \$4.5 million and \$8.4 million, respectively.

Revenue increased by \$2.2 million from prior year, which was mainly due to higher interest earnings. The housing mitigation fees are paid by developers of new employment-generating projects such as office, industrial, hotel, and retail space and new market-rate rental housing projects. The Fund had Capital outlay expenditures of \$7.3 million for a property purchase to construct affordable housing units in the future. The Fund received a transfer of \$1.0 million from the Low and Moderate Income Housing Asset Fund for pre-development costs of affordable housing sites.

Receivables in the Fund increased by \$14.1 million from prior year as the Fund loaned \$12.5 million to a non-profit developer to develop and construct an affordable rental housing in Sunnyvale. The loan is part of a large financing plan of totaling to \$141.6 million, funded by several local agencies.

Park Dedication Special Revenue Fund

The Park Dedication Fund accounts for funds that developers contribute towards the acquisition, construction, or renovation of neighborhood parks. Fund balance decreased by \$8.7 million in FY 2023/24. Total revenue was \$5.3 million, a decrease of \$42.8 million from prior year. A sharp decline in revenue was primarily due to a significant drop in residential housing related construction projects caused by higher mortgage rates and higher building materials and construction costs. The Fund had capital outlay expenditures of \$12.7 million, including \$9.7 million in parks-related construction costs for the Civic Center Modernization Project, \$2.9 million for parks playgrounds equipment replacement and \$.4 million Sunnyvale Community Center grounds renovation and enhancement. Transfers to other City funds for park-related projects amounted to \$1.3 million, which are to cover expenditures of several projects associated with renovation, rehabilitation, and improvements of the City parks facilities.

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

City Projects Capital Projects Fund

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

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

The City Projects Capital Project Fund balance increased by \$2.6 million in FY 2023/24. Investment earnings in the fund increased by \$3.8 million due to higher interest rates. Service fee revenue decreased by \$3.9 million mainly from lower collection of transportation impact fees and developer contributions, which were mainly due to slowdown in new development projects. The Fund had capital outlay expenditures of \$13.6 million, which included traffic signal upgrades of \$2.0 million, sidewalks and bike lanes improvements of \$4.1 million, and various transportation improvements and traffic safety projects totaling over \$7.5 million.

Infrastructure Renovation and Replacement Capital Projects Fund

The Infrastructure Renovation and Replacement Capital Projects Fund accounts for projects related to the City's Long-Range Infrastructure Plan for the renovation and replacement of existing general capital assets. Fund balance decreased by \$5.3 million when compared to prior year. Capital outlay expenditures were \$13.6 million with a net increase of \$8.1 million from prior year. Capital outlay expenditure increased mainly due to the Civic Center Modernization project in the amount of \$6.9 million and a purchase of real estate property for \$4.4 million, to use as a general purpose city asset. The Fund received transfers of \$3.2 million for future replacement and renovation of City facilities. The fund balance is assigned for various planned infrastructure projects per the City's 20-year Financial Plan.

Civic Center Capital Project Fund

The Civic Center Capital Project fund accounts for 2020 lease revenue bond proceeds being spent on the Civic Center Modernization Project. At the beginning of FY 2023/24, remaining bond proceeds were \$1.0 million, of which \$.8 million was used to pay for Capital Outlay expenditures for the Civic Center and \$.2 million transferred out to 2020 Lease Revenue Bonds Debt Service Fund for debt service payment. All of the bond proceeds and interest earnings had been spent for the project and the fund balance was zero at the fiscal year end.

Proprietary Funds

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

Water Supply and Distribution Enterprise Fund

The Water Supply and Distribution Enterprise Fund's net position increased by \$2.2 million while Operating revenues were lower than operating expenses by \$1.8 million. Net non-operating revenues of \$4.0 million, consisted of investment earnings, primarily contributed to the Fund's net position increase. The investment earnings increased by \$3.8 million mainly due to higher interest rates. Charges for services increased by \$2.0 million or 3.5%, resulting from higher water consumption year over year basis. Operating expenses increased by \$8.8 million over prior year, of which Water Purchases for Resale amounted to \$7.1 million. Wholesale water providers increased rates ranging from 11-15% in current year and water consumption rose by 6% from prior year, causing higher wholesale water costs than prior year. Personnel costs, contractual services, and equipment, building rental costs and other operating expenses were higher by \$1.3 million from prior year, mainly due to full staffing and higher cost of goods and services.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

Wastewater Management Enterprise Fund

The Wastewater Management Enterprise Fund's net position increased by \$14.6 million from prior year as operating revenues exceeded operating expenses by \$15.9 million. However, operating revenue was lower by \$3.6 million mainly due to a decrease in large multi-unit housing and commercial building construction projects, resulting in significant reduction of new sewer connections. Operating expenses were higher by \$2.2 million than prior year. Personnel services were higher by \$1.4 million mainly due to increases in salary, benefits, and pension expenses for the year. Operating expense including material and supplies, utilities, and equipment building rental costs were higher by \$1.4 million. These increases were mainly due to inflationary pressures. The fund's net income before contributions and transfers was \$16.5 million. Non-cash capital contributions were \$.4 million while \$2.4 million was transferred out for facility and project support. Capital improvements to the City's aging wastewater treatment plant and collection system were funded by increased service fee rate revenues and low-cost federal and state loan programs.

Solid Waste Management Enterprise Fund

The Solid Waste Management Enterprise Fund's net position increased by \$.6 million over prior year. Service revenue increased by \$5.0 million from prior year mainly due to increases in fee rates, which were necessary to recover operating costs of providing services. Operating expenses were higher by \$4.1 million than prior year, which was mainly caused by higher contractual service costs and an increased share of SMaRT Station operating expenses. Contractual services mainly consisted of costs of hauling and disposing of solid waste were higher due to new services implemented to comply with State mandates for organic recycling, thereby increasing disposal and processing costs. The Fund's net income before contributions and transfers was \$2.0 million, which was higher by \$1.7 million from prior year. At year end, landfill liability was \$7.7 million.

SMaRT Station Enterprise Fund

The SMaRT Station Enterprise Fund's net position increased by \$1.1 million from prior year. The operating revenues and expenses were respectively higher by \$2.6 million and \$2.1 million than prior year. Contractual costs were higher by \$2.0 million from prior year primarily due to annual increases integrated in operator services and disposal costs agreements, which grow more quickly in the short-term as new services are being rolled out to meet state mandated organic waste recycling requirements.

Development Enterprise Fund

The Development Enterprise Fund's net position at the fiscal year end was \$44.1 million, a decrease of \$2.0 million from prior year. The fund's operating revenues and expenses were \$17.1 million and \$19.4 million, respectively. Operating revenues decreased by \$5.0 million, and the operating expenses were higher by \$.2 million from prior year. Operating revenues were lower due to a continued slowdown in development activities as compared to prior years when a large number of commercial development and multiple dwelling units projects resumed after the Pandemic. Personnel services contributed to the expense increases by \$1.2 million mainly due to higher salaries and pension expenses for the year. Contractual services and material and supplies expenses decreased by \$1.1 million due to the reduction in construction activity in business sector, thereby reducing the need for procuring external consulting services, which were necessary to keep pace with the development activity in prior years.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

D. FUND FINANCIAL STATEMENT ANALYSIS, Continued

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

Golf and Tennis Operations Enterprise Fund

The Golf and Tennis Enterprise Fund's net position increased by \$.7 million from prior year. The fund's net loss before transfers was \$1.1 million. The fund's operating expense increased by \$.8 million from prior year which was mainly due to higher operational costs, in particular staffing, contractual, and supplies costs. The operating revenue was slightly higher than prior year. Transfers of \$2.1 million from the General Fund supplemented to fund the operational expenses.

Fiduciary Funds

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

- The Other Postemployment Benefit Trust Fund maintains fiduciary funds for the assets of the City's Retiree Healthcare Plan, which had an increase of \$21.6 million in net position. The City made a direct contribution of \$3.2 million to the Plan. The net appreciation of value of investments was \$14.5 million due to increases in national and global markets.
- The Private-Purpose Trust Funds primarily account for the Redevelopment Successor Agency (RSA), which had a deficit net position of \$13.6 million as of June 30, 2024, compared with a deficit position of \$13.0 million at June 30, 2023.

E. GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

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

Final appropriations, including transfers to other funds, for FY 2023/24 were \$297.0 million, an increase of \$56.6 million from the original appropriations of \$240.4 million when prior year carryover is included. This increase reflects net changes to appropriations associated with adjustments during the FY 2024/25 budget development process, appropriation modifications, and carryovers.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

E. GENERAL FUND BUDGETARY HIGHLIGHTS, Continued

Variations between the original and final amended appropriations are explained in the Required Supplementary Information. Actual charges to appropriations (outflows) for the current year were \$15.8 million over the original budget and \$40.7 million under the final budget. Actual cost savings in operating programs were \$3.2 million and project and equipment appropriations (including transfers) contributed \$41.8 million to the positive variance.

Resources (inflows) available for appropriations were \$18.4 million over the original budget when proceeds of property sale, transfers, and interfund revenues are excluded. Actual revenue was \$5.8 million over the final budgeted amounts. During the FY 2024/25 budget process, revenues were analyzed and amended to reflect the actual trends based upon mid-year review of revenues collections, State remittances, information from consultants. Of significance was receipts for Property Taxes and Sales Taxes. Both of these sources showed strong returns when compared against the original budget – Property Taxes exceeded its original budget by \$11.4 million and Sales and Use Taxes by \$6.4 million.

F. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS

Capital Assets

Capital assets including infrastructure are assets that are used in the performance of the City's functions. At June 30, 2024, the City reported capital assets with carrying value of \$891.8 million under governmental activities and \$425.7 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. The average rating for City's streets, based on the most recent study conducted during FY 2023/24, was 73.8. The City's streets are constantly deteriorating as a result of the following four factors: (1) traffic use of the streets; (2) the sun's ultra-violet rays drying out and breaking down the top layer of pavement; (3) utility company/private development interests trenching operations; and (4) water damage from natural precipitation and other urban runoff. The City is continuously taking actions to reduce the deterioration through short-term maintenance activities such as pothole patching, street sweeping, and sidewalk repair. The City's budget for street maintenance (pavement preventive maintenance and corrective repairs) for the fiscal year ended June 30, 2024 as \$38.1 million. Actual expenditures were \$13.6 million. Large pavement rehabilitation projects, including work done on Wolfe Road and other large arterial streets, are planned and will substantially improve the rating in the coming fiscal year.

Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

F. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued

The following is a summary of the City’s capital assets as of June 30, 2024 (amounts in millions).

<u>Description</u>	<u>Cost</u>	<u>Accumulated Depreciation & Amortization</u>	<u>Carrying Value</u>
Capital Assets - Governmental Activities:			
Land	\$ 206.0	\$ -	\$ 206.0
Buildings and Structures	273.8	68.0	205.8
Improvements Other than Buildings	279.2	82.3	196.9
Machinery and Equipment	78.7	40.2	38.5
Construction in Progress	20.5	-	20.5
Infrastructure:			
Nondepreciable	182.4	-	182.4
Depreciable	113.4	75.6	37.8
Total	<u>\$ 1,154.0</u>	<u>\$ 266.1</u>	<u>\$ 887.9</u>
Amortized Leased Assets:			
Right to use Leased Asset	6.8	2.9	3.9
	<u>\$ 1,160.8</u>	<u>\$ 269.0</u>	<u>\$ 891.8</u>
Capital Assets - Business-Type Activities:			
Land	\$ 16.5	\$ -	\$ 16.5
Buildings and Structures	23.4	23.0	0.4
Improvements Other than Buildings	48.7	43.5	5.2
Machinery and Equipment	8.6	7.0	1.6
Construction in Progress	290.4	-	290.4
Infrastructure - Depreciable	234.9	123.8	111.1
Total	<u>\$ 622.5</u>	<u>\$ 197.3</u>	<u>\$ 425.2</u>
Amortized Leased Assets:			
Right to use Leased Asset	0.9	0.4	0.5
	<u>\$ 623.4</u>	<u>\$ 197.7</u>	<u>\$ 425.7</u>

During the year, the City recorded capital contributions from external sources. Developers contributed capital assets (park and park improvements, streets, easements, traffic signals, and lights) with estimated acquisition value of \$3.5 million to governmental activities. Developers also contributed infrastructure assets of a combined \$1.3 million to business-type activities.

There are several capital projects which were still in progress at year end. Amounts capitalized for major capital projects in progress for governmental activities were \$13.2 million, including \$2.6 million for Sunnyvale Safe Routes to School Improvements, \$2.0 million for Sunnyvale Traffic Signal Updates, \$2.1 million for East Sunnyvale Area Transportation Improvements, \$1.8 million for Parks Playground Equipment Replacements, and \$4.7 million for tens of small size parks infrastructure improvements and transportation improvements.

Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

F. CAPITAL ASSETS AND LONG-TERM OBLIGATIONS, Continued

At the end of FY 2023/24, \$94.5 million was transferred from construction in progress to building and structures after the construction of new Civic Center (\$48.3 million), Fair Oaks Avenue Overhead Bridge Repair (\$27.5 million), HR/Payroll System Implementation Costs (\$16.3 million), and various streets and roads improvement projects (\$2.4 million). For business-type activities, the Wastewater management system included most of the additions to work in progress during FY 2023/24 such as \$33.6 million for secondary treatment improvements Stage I at the Water Pollution Control Plant (WPCP), \$13.8 million for rehabilitation of the existing WPCP, and \$5.7 million for program management and construction management costs. In addition, SMaRT Station had work in progress costs of \$4.0 million for capital improvements made to the existing facility to prepare for large scale modernization and enhancements in future years. Note 15 presents schedules of outstanding construction commitments for the construction in progress, which also include construction contracts signed as of June 30, 2024. It should be noted that project costs capitalized often include other items such as consultant fees which are outside of the construction commitments schedules.

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

Long-Term Obligations

As of June 30, 2024, the City had outstanding bonded debt obligations as listed below. Not included in the following table are the Community Facilities District No.1 Special Tax Bonds, backed by property tax levies against property owners, and the Housing Revenue Bonds, which are secured by a deed of trust on the property. The City is not obligated in any manner for those bonds. Each of the City’s other bonds are backed by specific revenue sources.

The City’s outstanding bonded debt obligations at the end of fiscal years 2024 and 2023 are presented in the schedule below (amounts in millions).

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Revenue Bonds	146.1	149.2	31.8	33.7	177.9	182.9
Note Payable	-	-	144.1	129.3	144.1	129.3
Total Bonded Debt	\$ 146.1	\$ 149.2	\$ 175.9	\$ 163.0	\$ 322.0	\$ 312.2

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

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The fiscal year 2024/25 Adopted Budget was adopted on June 18, 2024, focusing on the City's operations by allocating resources in our eleven operating departments to meet their service level needs. Over the past few decades, the City has held total staffing flat to control costs while the City population grown over 15% over the same period. As the financial outlook remains stable, with the majority of revenues rebounding to the pre-pandemic levels, the FY 2024/25 Adopted Budget took an incremental step toward right sizing the city operations with the growing and evolving needs of Sunnyvale community, aiming to balance short-term demands and long-term fiscal sustainability. This Adopted budget included an addition of 25.5 full-time equivalent (FTE) positions across the organization (a 2% increase in total staffing levels), which are strategically aligned with Council's policy priorities.

The following are some highlights of the staffing increases:

- Three public safety officers were for department wide services and a permit technician was to provide administrative support for fire protection.
- Nine positions with either added, or term-limited reclassified to permanent to implement state mandates, support climate action plan implementation 2028, and manage recycled water, capital planning and infrastructure improvement projects.
- Four positions were added to Department of Public Works to provide additional support for several traffic related projects and support climate action plan transportation related moves.
- Three positions to support Information Technology department services, including to support expansion of the City network system and systems infrastructure, support public safety radios and other mobile technology, and general administrative support.
- Three positions were added to Finance Department to support increased compliance, grant reporting, and special projects; conduct water, sewer, solid waste billing audits; and to improve procurement cycle times.
- Two positions were added to the Office of the City Manager to align resources with public information demands, media responses, marketing, and community engagement.

The foundation to the City's financial planning continues to be short-term action planning and performance-based long-term planning while ensuring all City Charter and Policy requirements are met. The City's financial outlook remains positive with the majority of revenues rebounding to pre-pandemic levels. Notably, key revenues such as property taxes and sales taxes continue to exceed projections, creating a stable fiscal foundation upon which to build up service delivery. However, the City continues to project revenues conservatively as the shift to hybrid and remote work continues to put a strain on commercial property valuation. On the expenditure side, the City is facing persistent challenges stemming from inflationary pressures, which have driven up costs for not only goods, but services as well, with impacts ranging from vehicle parts to liability insurance.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

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

As the City alternates the operating and project budget each year, FY 2024-25 Adopted Budget included minor updates to the Projects. The project investments updates in this Adopted Budget include:

- Reserving grant funds of \$3.0 million and City's local match of \$7.0 million resources to provide partial funding to the Bernardo Avenue Caltrain- Under-crossing project, in conjunction with the City of Mountain View. Additional grant funding will be brought forward when agreements are in place.
- Updating the SMaRT Station Rebuild cost plan with additional \$3.2 million to account for inflation and final design changes, raising the cost estimate to \$34 million.
- Adding \$3.3 million for recruitment, selection, and training of 15 Public Safety Officers-in-training.
- Adding \$25 million for Caltrain Grade Separation at Mary Avenue project to an estimated total cost of \$325.0 million. Currently, the project has appropriations of \$131.3 million for design and construction, which is mainly to be secured through Measure B funds and the City's local match using Traffic Impact Fees. Additional funding is necessary to complete the project.

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

- Implementation of Climate Action Game Plan 2028:
 - Three positions across three departments for implementation.
 - Significant update to fleet vehicle replacement schedule to include electric vehicles as replacements where practical.
- Continuing funding for the Downtown Association to support special events, for improvements to the Murphy Avenue Pedestrian Mall and improvements to bike and pedestrian access at Caltrain Station, and for entryway banner replacements to enhance appearance and messaging.
- Set aside of an additional \$500,000 in anticipation of costs for a service provider contract to continue the program to provide case management services and shelter beds to support the unhoused.
- Continuing funding to further the City's equity, access, and inclusion efforts.

Ongoing strategic planning and commitment to proactively funding pension requirements against competing priorities requires fiscal discipline but has shown positive results. For managing growth of pension costs on a long-term basis, the City has taken several actions, including implementing reduced benefit second- and third-tier pension plans for new employees, negotiating labor agreements with sustainable salary increases, identifying compensation incentives that do not impact pensionable wages, and maintaining reserves to fund long-term pension and healthcare liabilities.

Management’s Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

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

The City also implemented a “fresh start” in FY 2013/14 with CalPERS. This “fresh start” took all the unfunded liability for both of the City’s pension plans at that time and amortized them over a fixed number of years:

- Miscellaneous; 18 years
- Safety; 28 years

For FY 2024/25, the City is projected to contribute \$63.7 million for pensions to CalPERS. That is anticipated to increase to \$87.2 million in FY 2030/31, an approximate 36.9% increase in cost before leveling off in FY 2031/32 due to the “fresh start” noted above. The current funded status of the two plans as well as the FY 2024/25 employer rates are shown in the chart below.

Plan	FY 2024/25 Plan Funded Ratio	FY 2024/25 Employer Rate
Miscellaneous	68.7%	39.5%
Safety	70.0%	63.7%

Investment returns play an integral role in determining the City’s pension contribution rates to CalPERS. In FY 2022/23 CalPERS achieved a 6.1% return on its investments, which was still below its assumed rate of return of 6.8%. Due to the propensity for this volatility, the FY 2024/25 Adopted Budget assumes conservative returns short of the 6.8% goal for the current fiscal year and across the planning period in an effort to mitigate sharp increases in budget requirements.

The Adopted Budget also includes an annual \$2.0 million dollar contribution to the Pension Trust through FY 2025/26. The City has contributed \$18.3 million through FY 2023/24 as Council regularly appropriates additional contributions with year-end budgetary savings. This fund enables the City to reserve funds for pension cost uncertainty, keep those funds locally controlled, and prefund pension costs – all while earning a higher return when compared to regular pooled cash investments. The City will start drawing from the Trust in the FY 2026/27 to help stabilize the peak years of CalPERS payments.

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

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

Moreover, year-after-year increases in commercial/industrial and residential development bring with it a much higher demand for services including safety, parks and open space, traffic management, utilities, and more. Additionally, as evolving city, needs change over time adding pressure to provide new services. A higher demand for services leads to increases in the existing staff workloads at all levels of the organization.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

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

To address immediate and future needs for personnel resources, the City has taken several approaches, most notably, adding term-limited positions and/or contract staffing for creating a buffer of resources to allow adequate staffing when needed. Over the prior four budget cycles, the City has been able to strategically add a handful of permanent positions for specific initiatives and positions funded by enterprise activity. More recently, the City has added about 25 new positions to balance city service demands and workloads pressures.

Environmental and Regulatory Demands – Stricter regulatory requirements in stormwater management and efforts to reduce greenhouse gas emissions through Accelerating Climate Action impact costs and resources in many ways across both the General Fund and the Utility Funds. The Sunnyvale Water Pollution Control Plant (WPCP), an advanced wastewater treatment facility, now requires significant upgrades to meet environmental and regulatory requirements, as well as accommodate the growth Sunnyvale has experienced over the past sixty years. The Master Plan, which was approved by City Council in August of 2016, serves as a long-term guide for replacing the WPCP's facilities and operations as part of the Sunnyvale Clean Water Program (SCWP), with costs estimated at approximately \$1.1 billion over twenty years. The 2024/25 Budget updates funding estimates and project delivery timing. Also includes \$58 million to complete design and fund construction of the new Cleanwater Center building which had been deferred in previous budgets. The City has secured low-cost loans – Water Infrastructure Finance and Innovation Act (WIFIA) federal loan for \$220.6 million and two Cleanwater State Revolving Fund (CWSRF) loans for up to \$429.2 million with very favorable borrowing costs.

The City operates under the terms of a Municipal Regional Permit (MRP) for Stormwater discharge issued by the Regional Water Quality Control Board. The core purpose of the permit is to minimize pollutants from storm systems into local creeks, channels, and the Bay. The City must comply with these evolving permit regulations. As part of the FY 2024/25 budget, several of the City's projects to intercept trash and other pollutants as well as the implementation of "green stormwater infrastructure" (specially designed landscape features to filter and treat water before entering the stormwater collection system) were updated as part of the FY 2024/25 budget to reflect the requirements of these new regulations.

Additionally, the Budget includes ongoing funding to meet existing organics and recycling regulations for the commercial and multifamily sector (AB 1826 and AB 341), new regulations requiring the collection of organics from all sectors (SB 1383), and the Zero Waste Strategic Plan goal of 90% diversion by 2030. Among other methods, implementation of new Sunnyvale Materials Recovery and Transfer (SMaRT) equipment to increase the diversion rate is required and \$34.0 million has been included for rehabilitation of the SMaRT station, including major equipment replacement. The retrofit project will increase the organics diversion, help the City embrace cutting-edge recycling technologies, become a power-efficient facility, prepare for a more sustainable future and it will optimize efficiencies using automation. The City plans to issue long-term debt (i.e., revenue bonds) to fund planned capital improvements in the Utility Funds in addition to seeking grant funds where possible.

Management's Discussion and Analysis, Continued
Fiscal Year Ended June 30, 2024

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

Demands from aging infrastructure – the City's aging administrative, parks, and utility infrastructure require resources to renovate and bring up to today's standards. The FY 2024/25 Budget invests significant resources in updating this public infrastructure. In addition to funding major initiatives associated with implementation of several master plans (i.e., Civic Center Modernization, Fire Station, Lakewood Branch Library, Corporation Yard, etc.), the budget also maintains substantial investments in other critical public and supporting infrastructure, such as:

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

Other risks:

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

In summary, the City enters FY 2024/25 with a plan that takes a major step toward addressing current staffing levels, balancing our operations with the growing and evolving needs of our community, aiming to balance short-term demands and long-term fiscal sustainability. An adequate level of staffing resources is essential to sustain core service level requirements and to move key projects forwards. The City maintains reserves in several funds for different purposes. Some are restricted for specific purposes (e.g. debt, legislation, other regulatory requirements). Long-term planning and the disciplined practice of maintaining robust reserves is one of Sunnyvale's strengths and having sufficient reserves has helped navigate economic uncertainty. While current revenue trends are positive, this favorable position is offset by the ongoing challenges of economic uncertainty, increasing pension costs, persistent cost pressures, magnitude of infrastructure needs, tightening environmental regulatory environment, and recruitment and retention of employees. Continuing to address these challenges and balance the many competing priorities that the City faces will be critical in developing the budget going forward to ensure fiscal sustainability.

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

H. REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the City of Sunnyvale Finance Department, 456 West Olive Avenue, Sunnyvale, California 94086.

Government-Wide Financial Statements

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**Statement of Net Position
June 30, 2024**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Deposits and Investments Held by City (Note 3)	\$ 316,875,565	\$ 237,111,198	\$ 553,986,763
Receivables, Current (Note 4)	16,538,988	28,316,322	44,855,310
Inventories and Prepaid Items (Note 1)	4,203,422	109,007	4,312,429
Assets Held for Resale (Note 1)	1,381,077	-	1,381,077
Long-term Receivables (Note 6)	6,260,554	-	6,260,554
Lease Receivable (Note 14)	4,371,811	5,300,182	9,671,993
Service Concession Arrangement Receivable (Note 1)	-	1,276,731	1,276,731
Internal Balances (Note 10)	2,704,620	(2,704,620)	-
Restricted Assets:			
Deposits and Investments Held by City (Note 3)	312,655,514	13,466,429	326,121,943
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	21,238,097	4,669	21,242,766
Receivables, Current (Note 4)	1,945,193	-	1,945,193
Intergovernmental Receivables (Note 5)	13,151,158	301,380	13,452,538
Housing Loans Receivable, Net (Note 7)	101,107,488	-	101,107,488
Capital Assets (Note 11):			
Land and Nondepreciable Assets	408,906,744	306,820,887	715,727,631
Depreciable Assets, Net	482,852,199	118,896,741	601,748,940
Total Assets	1,694,192,430	708,898,926	2,403,091,356
Deferred Outflows of Resources (Note 9)			
	125,516,415	25,805,835	151,322,250
Liabilities:			
Wages Payable	2,780,020	-	2,780,020
Accounts Payable and Accrued Liabilities	17,949,426	29,995,154	47,944,580
Refundable Deposits	3,132,087	2,372,654	5,504,741
Interest Payable	1,304,132	4,223,784	5,527,916
Unearned Revenues (Note 8)	942,871	42,641	985,512
Noncurrent Liabilities:			
Due within One Year - Long-term Obligations (Note 12)	25,320,963	6,628,156	31,949,119
Due in More than One Year:			
Long-term Obligations (Note 12)	168,021,597	178,585,664	346,607,261
Net Pension Liability (Note 16)	400,520,960	67,955,615	468,476,575
Net OPEB Liability (Note 17)	31,079,829	6,712,769	37,792,598
Total Liabilities	651,051,885	296,516,437	947,568,322
Deferred Inflows of Resources (Note 9)			
	25,449,008	8,963,658	34,412,666
Net Position (Note 19):			
Net Investment in Capital Assets	740,924,913	241,147,523	982,072,436
Restricted for:			
Capital Projects	107,139,048	-	107,139,048
Housing	169,433,261	-	169,433,261
Park Dedication	109,161,429	-	109,161,429
Public Streets and Highways	26,797,281	-	26,797,281
Law Enforcement	1,262,816	-	1,262,816
Other City Programs	3,106,787	5,275,603	8,382,390
Nonexpendable Permanent Funds Principal and Endowment	2,261,770	-	2,261,770
Total Restricted Net Position	419,162,392	5,275,603	424,437,995
Unrestricted Net Position	(16,879,353)	182,801,540	165,922,187
Total Net Position	\$ 1,143,207,952	\$ 429,224,666	\$ 1,572,432,618

Statement of Activities
Year Ended June 30, 2024

Programs	Expenses	Program Revenues			Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:					
Governmental Activities:					
Planning and Management	\$ 27,738,404	\$ 937,965	\$ 726,475	\$ 55,000	\$ 1,719,440
Public Safety	131,565,885	4,308,885	640,061	462,056	5,411,002
Community Development	12,942,266	5,543,100	838,462	1,649,989	8,031,551
Public Works	58,204,299	1,664,650	9,681,442	19,340,965	30,687,057
Environmental Services	4,721,535	31,276	-	-	31,276
Library and Recreation Services	26,834,040	6,666,135	248,031	334,061	7,248,227
NOVA Workforce Services	10,364,372	-	10,400,012	-	10,400,012
Interest on Long-term Debt	4,509,940	-	-	-	-
Total Governmental Activities	276,880,741	19,152,011	22,534,483	21,842,071	63,528,565
Business-Type Activities:					
Water Supply and Distribution	63,427,334	59,793,648	-	866,200	60,659,848
Wastewater Management	44,396,330	56,169,929	-	448,300	56,618,229
Solid Waste Management	61,417,924	62,473,344	-	-	62,473,344
SMaRT Station	29,865,935	30,628,370	1,030,095	-	31,658,465
Development	20,158,886	17,065,173	-	-	17,065,173
Golf and Tennis Operations	6,538,450	5,298,655	-	-	5,298,655
Total Business-Type Activities	225,804,859	231,429,119	1,030,095	1,314,500	233,773,714
Total Primary Government	\$ 502,685,600	\$ 250,581,130	\$ 23,564,578	\$ 23,156,571	\$ 297,302,279
General Revenues:					
Taxes:					
Property Taxes					
Sales and Use Taxes					
Franchise Fees - Unrestricted					
Utilities Users Taxes					
Transient Occupancy Taxes					
Real Property Transfer Taxes					
Construction Taxes					
Business License Taxes					
Total Taxes					
Investment Earnings - Unrestricted (Note 3)					
Interest Accrued-Advances to Business-Type Activities - Unrestricted					
Transfers (Note 18)					
Total General Revenues and Transfers					
Change in Net Position					
Net Position - Beginning of Year					
Net Position - End of Year					

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
\$ (26,018,964)	\$ -	\$ (26,018,964)
(126,154,883)	-	(126,154,883)
(4,910,715)	-	(4,910,715)
(27,517,242)	-	(27,517,242)
(4,690,259)	-	(4,690,259)
(19,585,813)	-	(19,585,813)
35,640	-	35,640
(4,509,940)	-	(4,509,940)
(213,352,176)	-	(213,352,176)
-	(2,767,486)	(2,767,486)
-	12,221,899	12,221,899
-	1,055,420	1,055,420
-	1,792,530	1,792,530
-	(3,093,713)	(3,093,713)
-	(1,239,795)	(1,239,795)
-	7,968,855	7,968,855
(213,352,176)	7,968,855	(205,383,321)
129,062,478	-	129,062,478
40,715,387	-	40,715,387
7,834,916	-	7,834,916
10,816,575	-	10,816,575
18,915,542	-	18,915,542
1,284,127	-	1,284,127
3,251,019	-	3,251,019
1,939,073	-	1,939,073
213,819,117	-	213,819,117
30,493,466	11,781,295	42,274,761
119,677	-	119,677
5,147,814	(5,147,814)	-
249,580,074	6,633,481	256,213,555
36,227,898	14,602,336	50,830,234
1,106,980,054	414,622,330	1,521,602,384
\$ 1,143,207,952	\$ 429,224,666	\$ 1,572,432,618

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Governmental Fund Financial Statements

The ***General Fund*** accounts for all financial resources necessary to carry out basic governmental activities of the City that are not accounted for in another fund. The General Fund supports essential City services such as police and fire protection, street maintenance, libraries, and parks and open space maintenance.

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

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

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

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

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

CITY OF SUNNYVALE

**Balance Sheet
Governmental Funds
June 30, 2024**

	Major Funds		
	General Fund	Housing Special Revenue	Park Dedication Special Revenue
Assets:			
Deposits and Investments Held by City (Note 3)	\$ 175,732,676	\$ 65,000,022	\$ 108,952,605
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	-	-	-
Receivables, Current (Note 4)	15,515,115	465,665	741,026
Intergovernmental Receivables (Note 5)	1,939,973	-	-
Due From Other Funds (Note 10)	1,859,902	209,832	-
Advances to Other Funds (Note 10)	3,159,262	-	-
Inventories and Prepaid Items (Note 1)	799,162	-	-
Long-term Receivables (Note 6)	562,010	-	-
Lease Receivable (Note 14)	2,499,056	-	-
Housing Loans Receivable (Note 7)	-	74,431,127	-
Assets Held for Resale (Note 1)	1,101,077	280,000	-
	<u>\$ 203,168,233</u>	<u>\$ 140,386,646</u>	<u>\$ 109,693,631</u>
Total Assets			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 3,605,505	\$ 523,018	\$ 532,202
Refundable Deposits	3,097,087	-	-
Due to Other Funds (Note 10)	-	-	-
Unearned Revenue (Note 8)	8,001	-	-
	<u>6,710,593</u>	<u>523,018</u>	<u>532,202</u>
Total Liabilities			
Deferred Inflows of Resources (Note 9)	<u>14,862,119</u>	<u>6,989,379</u>	<u>-</u>
Fund Balances (Note 19):			
Nonspendable	3,117,379	-	-
Restricted	2,845,154	132,874,249	109,161,429
Committed	80,363,744	-	-
Assigned	-	-	-
Unassigned	95,269,244	-	-
	<u>181,595,521</u>	<u>132,874,249</u>	<u>109,161,429</u>
Total Fund Balances			
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 203,168,233</u>	<u>\$ 140,386,646</u>	<u>\$ 109,693,631</u>

See Accompanying Notes to the Basic Financial Statements

City Projects	Major Funds		Nonmajor Governmental Funds	Total Governmental Funds
	Infrastructure Renovation and Replacement	Civic Center Capital Project		
103,919,706	88,898,703	\$ -	\$ 33,503,178	\$ 576,006,890
-	-	-	22,743	22,743
386,880	568,723	-	208,528	17,885,937
6,213,162	-	-	4,998,023	13,151,158
-	-	-	-	2,069,734
-	-	-	-	3,159,262
-	-	-	-	799,162
-	-	-	-	562,010
1,872,755	-	-	-	4,371,811
-	-	-	26,676,361	101,107,488
-	-	-	-	1,381,077
112,392,503	\$ 89,467,426	-	\$ 65,408,833	\$ 720,517,272
5,863,027	\$ 1,713,765	\$ -	\$ 3,392,794	\$ 15,630,311
35,000	-	-	-	3,132,087
-	-	-	2,069,734	2,069,734
934,870	-	-	-	942,871
6,832,897	1,713,765	-	5,462,528	21,775,003
2,467,774	-	-	8,533,234	32,852,506
-	-	-	1,626,967	4,744,346
103,091,832	-	-	49,921,684	397,894,348
-	-	-	-	80,363,744
-	87,753,661	-	-	87,753,661
-	-	-	(135,580)	95,133,664
103,091,832	87,753,661	-	51,413,071	665,889,763
112,392,503	\$ 89,467,426	\$ -	\$ 65,408,833	\$ 720,517,272

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**Reconciliation of the Governmental Funds Balance Sheet
to the Government-Wide Statement of Net Position
June 30, 2024**

Total Fund Balances - Total Governmental Funds	\$ 665,889,763
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, 2024, capital assets used by governmental activities excluding \$40,070,088 of capital assets used by Internal Service Funds.	851,688,855
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 \$50,749,374 less amount owed to business-type activities for internal service funds activities of \$454,642 at year end).	50,294,732
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	3,159,267
Interest accrued on receivables from employees	38,063
Proposition 172 revenue	162,864
State, County, and other agency cost reimbursements	1,671,133
Long-term housing loans interest portion	15,229,453
Eligible expenditures to be reimbursed by grants	936,528
Bonds and Subscriptions payable are not reported as fund liabilities.	(146,464,724)
Interest payable on bonds and subscriptions, not due and payable in the current period, is not reported in the funds.	(1,242,749)
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	(371,335,048)
Deferred outflows of resources related to pension	100,462,398
Deferred inflows of resources related to pension	(490,475)
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	(28,710,204)
Deferred outflows of resources related to OPEB	13,400,006
Deferred inflows of resources related to OPEB	(11,481,910)
Net Position of Governmental Activities	\$ 1,143,207,952

CITY OF SUNNYVALE

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2024**

	Major Funds		
	General Fund	Housing Special Revenue	Park Dedication Special Revenue
Revenues:			
Property Taxes	\$ 129,062,478	-	-
Sales and Use Taxes	40,715,387	-	-
Other Taxes	36,206,336	-	-
Franchise Fees	7,834,916	-	-
Intergovernmental Revenues	2,400,830	-	-
Permits and Licenses	2,283,339	-	-
Fines and Forfeitures	622,766	-	-
Special Assessments	-	-	-
Service Fees	7,561,907	1,217,931	168,577
Rents and Concessions	2,336,654	16,500	-
Interest Received from Interfund Advances	3,997,618	-	-
Investment Earnings	8,851,946	3,299,472	5,172,464
Other Revenues	968,616	11,971	-
Total Revenues	242,842,793	4,545,874	5,341,041
Expenditures:			
Current:			
Planning and Management	23,129,701	-	-
Public Safety	130,498,427	-	-
Community Development	6,505,586	1,037,992	-
Public Works	31,121,151	-	-
Environmental Services	3,712,946	-	-
Library and Recreation Services	25,756,906	-	-
NOVA Workforce Services	-	-	-
Capital Outlay	2,455,820	7,328,451	12,711,100
Debt Service:			
Principal Retirement	47,822	-	-
Interest	11,800	-	-
Fiscal Charges	4,500	-	-
Total Expenditures	223,244,659	8,366,443	12,711,100
Excess (Deficiency) of Revenues Over (Under) Expenditures	19,598,134	(3,820,569)	(7,370,059)
Other Financing Sources (Uses):			
Transfers In (Note 18)	12,473,140	1,000,000	-
Transfers Out (Note 18)	(19,500,794)	(407,257)	(1,314,789)
Total Other Financing Sources (Uses)	(7,027,654)	592,743	(1,314,789)
Net Change in Fund Balances	12,570,480	(3,227,826)	(8,684,848)
Fund Balances, Beginning of Year	169,025,041	136,102,075	117,846,277
Fund Balances, End of Year	\$ 181,595,521	\$ 132,874,249	\$ 109,161,429

City Projects	Major Funds		Nonmajor	Total Governmental Funds
	Infrastructure Renovation and Replacement	Civic Center Capital Project	Other Governmental Funds	
-	-	-	\$ -	\$ 129,062,478
-	-	-	-	40,715,387
-	-	-	-	36,206,336
-	-	-	-	7,834,916
11,975,906	1,297,852	-	26,537,874	42,212,462
-	-	-	-	2,283,339
-	-	-	-	622,766
-	-	-	-	-
381,108	-	-	241,660	9,571,183
406,156	-	-	-	2,759,310
-	-	-	-	3,997,618
3,625,130	4,130,872	19,935	1,468,255	26,568,074
300,000	-	-	260,371	1,540,958
<u>16,688,300</u>	<u>5,428,724</u>	<u>19,935</u>	<u>28,508,160</u>	<u>303,374,827</u>
-	-	-	-	23,129,701
-	-	-	336,005	130,834,432
-	-	-	2,939,028	10,482,606
20,737	-	-	1,123,950	32,265,838
-	-	-	-	3,712,946
-	-	-	-	25,756,906
-	-	-	9,905,637	9,905,637
13,599,152	13,638,427	845,868	8,472,352	59,051,170
-	-	-	2,455,000	2,502,822
-	-	-	5,055,425	5,067,225
-	-	-	-	4,500
<u>13,619,889</u>	<u>13,638,427</u>	<u>845,868</u>	<u>30,287,397</u>	<u>302,713,783</u>
<u>3,068,411</u>	<u>(8,209,703)</u>	<u>(825,933)</u>	<u>(1,779,237)</u>	<u>661,044</u>
	3,156,100	-	7,525,572	24,154,812
(455,790)	(206,653)	(244,361)	(1,714,007)	(23,843,651)
<u>(455,790)</u>	<u>2,949,447</u>	<u>(244,361)</u>	<u>5,811,565</u>	<u>311,161</u>
2,612,621	(5,260,256)	(1,070,294)	4,032,328	972,205
<u>100,479,211</u>	<u>93,013,917</u>	<u>1,070,294</u>	<u>47,380,743</u>	<u>664,917,558</u>
<u>103,091,832</u>	<u>\$ 87,753,661</u>	<u>\$ -</u>	<u>\$ 51,413,071</u>	<u>\$ 665,889,763</u>

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes
in Fund Balances to the Government-Wide Statement of Activities
Year Ended June 30, 2024**

Net Change in Fund Balances - Total Governmental Funds	\$ 972,205
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	42,555,806
Depreciation recorded in the current year - governmental activities	(14,825,028)
Contributions of capital assets are not recorded in the governmental funds	3,549,600
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	119,677
Interfund interest previously deferred in the fund was received in current year	(3,997,618)
Interest accrued on long-term housing loan receivables and allowance for uncollectible accounts	2,611,179
Various cost sharing	147,731
Various grants	(1,769,876)
Proposition 172 revenue	(87)
Repayment of principal on the bonds is reported in the fund as expenditures.	2,502,822
Amortization of bond premium	625,059
This amount represents the change in accrued interest on bonds payable from prior year.	31,912
Internal service funds are primarily to serve governmental activities. The change in net position of the Internal Service Funds is reported with governmental activities.	9,554,702
This amount represents the portion of change in Internal Service Fund net position attributable to business-type activities. Business-type activities paid \$724,118 for internal services during the year. At year end, the internal service lookback adjustment was determined to be \$3,417,491	2,693,373
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.	(15,257,856)
Changes to net OPEB liability and OPEB-related deferred outflows and inflows of resources do not require current financial resources and are only reported in the government-wide financial statements.	6,714,297
Change in Net Position of Governmental Activities	\$ 36,227,898

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.

**Statement of Net Position
Proprietary Funds
June 30, 2024**

	Business-Type Activities		
	Major Enterprise Funds		
	Water Supply and Distribution	Wastewater Management	Solid Waste Management
Assets:			
Current Assets:			
Deposits and Investments Held by City (Note 3)	\$ 94,027,758	\$ 64,194,283	\$ 12,368,488
Receivables, Net (Note 4)	10,404,576	8,944,065	8,548,229
Intergovernmental Receivables (Note 5)	-	5,413	229,019
Leases Receivables (Note 14)	-	-	165,403
Inventories and Prepaid Items (Note 1)	-	-	-
Restricted Assets:			
Deposits and Investments Held by City (Note 3)	-	13,466,429	-
Deposits and Investments Held by Fiscal Agent and Trustee (Note 3)	1,673	2,996	-
Total Current Assets	104,434,007	86,613,186	21,311,139
Noncurrent Assets:			
Receivables from Employees (Note 6)	-	-	-
Service Concession Arrangement Receivable (Note 1)	-	-	-
Lease Receivable (Note 14)	-	-	4,061,823
Capital Assets (Note 11):			
Land & Nondepreciable Assets	2,992,507	286,281,423	36,134
Depreciable Assets, Net	51,478,168	62,146,206	1,582,233
Total Noncurrent Assets	54,470,675	348,427,629	5,680,190
Total Assets	158,904,682	435,040,815	26,991,329
Deferred Outflows of Resources (Note 9)	3,638,045	8,837,270	1,816,872
Liabilities:			
Current Liabilities:			
Wages Payable	-	-	-
Accounts Payable and Accrued Liabilities	4,469,447	16,822,636	2,238,122
Advances from Other Funds (Note 10)	-	949,615	-
Refundable Deposits	764,052	560,025	1,045,807
Interest Payable	140,270	4,083,514	-
Unearned Revenues (Note 8)	-	30,000	-
Service Concession Arrangement Maintenance Liability (Note 12)	-	-	-
Claims and Judgments Payable - Due Within One Year (Note 12)	-	-	-
Compensated Absences Payable - Due Within One Year (Note 12)	-	-	-
Landfill Closure and Postclosure Costs (Note 12)	-	-	1,143,962
Bonds, Leases, Subscriptions and Loan Payable - Due Within One Year (Note 12)	595,000	4,591,969	-
Total Current Liabilities	5,968,769	27,037,759	4,427,891
Noncurrent Liabilities:			
Advances from Other Funds (Note 10)	-	2,209,647	-
Service Concession Arrangement Maintenance Liability (Note 12)	-	-	-
Claims and Judgments Payable - Due in More than One Year (Note 12)	-	-	-
Compensated Absences Payable - Due in More than One Year (Note 12)	-	-	-
Landfill Closure and Postclosure Costs (Note 12)	-	-	6,514,491
Bonds, Leases, Subscriptions and Loan Payable - Due in More than One Year (Note 12)	13,901,746	156,678,759	-
Net Pension Liability - Due in More than One Year (Note 16)	9,896,538	26,763,279	3,913,475
Net OPEB Liability - Due in More than One Year (Note 17)	1,157,966	3,087,285	330,450
Total Noncurrent Liabilities	24,956,250	188,738,970	10,758,416
Total Liabilities	30,925,019	215,776,729	15,186,307
Deferred Inflows of Resources (Note 9)	512,195	1,395,701	4,393,490
Net Position (Note 19):			
Net Investment in Capital Assets	39,973,929	178,919,026	1,618,367
Restricted for Debt Service	1,673	5,273,930	-
Unrestricted	91,129,911	42,512,699	7,610,037
Total Net Position	\$ 131,105,513	\$ 226,705,655	\$ 9,228,404

See Accompanying Notes to the Basic Financial Statements

Business-Type Activities				
Major Enterprise Funds				Governmental
SMaRT Station®	Development	Golf and Tennis Operations	Total Enterprise Funds	Internal Service Funds
\$ 436,271	\$ 60,378,691	\$ 5,705,707	\$ 237,111,198	\$ 53,524,189
-	404,505	14,947	28,316,322	598,244
66,948	-	-	301,380	-
-	-	53,440	218,843	-
-	-	109,007	109,007	3,404,260
-	-	-	13,466,429	-
-	-	-	4,669	21,215,354
503,219	60,783,196	5,883,101	279,527,848	78,742,047
-	-	-	-	5,698,544
-	-	1,276,731	1,276,731	-
-	-	1,019,516	5,081,339	-
7,827,219	-	9,683,604	306,820,887	48,557
2,450,368	12,527	1,227,239	118,896,741	40,021,531
10,277,587	12,527	13,207,090	432,075,698	45,768,632
10,780,806	60,795,723	19,090,191	711,603,546	124,510,679
481,212	9,096,168	1,936,268	25,805,835	11,654,011
-	-	-	-	2,780,020
3,864,277	2,452,804	147,868	29,995,154	2,319,115
-	-	-	949,615	-
-	-	2,770	2,372,654	-
-	-	-	4,223,784	61,383
-	12,641	-	42,641	-
-	-	157,824	157,824	-
-	-	-	-	6,001,118
-	-	-	-	15,195,350
-	-	-	1,143,962	-
-	-	139,401	5,326,370	1,495,337
3,864,277	2,465,445	447,863	44,212,004	27,852,323
-	-	-	2,209,647	-
-	-	1,065,313	1,065,313	-
-	-	-	-	17,317,882
-	-	-	-	5,131,395
-	-	-	6,514,491	-
-	-	425,355	171,005,860	1,736,754
1,239,715	20,507,688	5,634,920	67,955,615	29,185,912
99,822	1,509,723	527,523	6,712,769	2,369,625
1,339,537	22,017,411	7,653,111	255,463,695	55,741,568
5,203,814	24,482,856	8,100,974	299,675,699	83,593,891
69,849	1,265,645	1,326,778	8,963,658	1,821,425
10,277,587	12,527	10,346,087	241,147,523	36,837,997
-	-	-	5,275,603	-
(4,289,232)	44,130,863	1,252,620	182,346,898	13,911,377
\$ 5,988,355	\$ 44,143,390	\$ 11,598,707	\$ 428,770,024	\$ 50,749,374

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*Reconciliation of the Enterprise Funds Statement of Net Position
to the Government-Wide Statement of Net Position
June 30, 2024*

Total Net Position - Total Enterprise Funds	\$ 428,770,024
Adjustment to reflect the amount owed to Business-Type Activities for internal service fund activities.	<u>454,642</u>
Net Position of Business-Type Activities	<u><u>\$ 429,224,666</u></u>

CITY OF SUNNYVALE

**Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2024**

	Major Enterprise Funds		
	Water Supply and Distribution	Wastewater Management	Solid Waste Management
Operating Revenues:			
Charges for Services	\$ 59,793,648	\$ 56,169,929	\$ 62,473,344
Operating Expenses:			
Personnel Services	6,944,139	15,700,042	3,087,871
Contractual Services	964,563	7,662,860	52,933,462
Materials and Supplies	1,513,486	5,535,180	54,734
Utilities	527,492	1,571,780	108,783
Taxes, Licenses, and Fees	455,276	365,635	33,036
Equipment and Building Rental	1,298,118	2,067,124	597,030
Water Purchased for Resale	42,298,357	-	-
Insurance Premiums and Claims	-	-	-
Retirement Premiums	-	-	-
Other Operating Expenses	707,941	873,365	89,391
General Fund Administration	3,902,359	2,951,979	4,226,607
Depreciation and Amortization (Note 11)	3,006,451	3,539,854	177,381
Total Operating Expenses	61,618,182	40,267,819	61,308,295
Operating Income (Loss)	(1,824,534)	15,902,110	1,165,049
Nonoperating Revenues (Expenses):			
Investment Earnings (Loss)	4,456,396	3,687,495	812,041
Interest Expense	(496,892)	(3,062,938)	-
Total Nonoperating Revenues (Expenses)	3,959,504	624,557	812,041
Income (Loss) before Capital Contributions and Transfers	2,134,970	16,526,667	1,977,090
Capital Contributions	866,200	448,300	-
Transfers In (Note 18)	-	-	-
Transfers Out (Note 18)	(813,402)	(2,366,119)	(1,340,303)
Change in Net Position	2,187,768	14,608,848	636,787
Net Position - Beginning of Year	128,917,745	212,096,807	8,591,617
Net Position, End of Year	\$ 131,105,513	\$ 226,705,655	\$ 9,228,404

See Accompanying Notes to the Basic Financial Statements

Major Enterprise Funds			Total Enterprise Funds	Governmental Activities
SMaRT Station®	Development	Golf and Tennis Operations		Internal Service Funds
\$ 31,658,465	\$ 17,065,173	\$ 5,298,655	\$ 232,459,214	\$ 134,262,102
768,897	14,873,482	3,337,035	44,711,466	30,472,866
21,654,804	1,211,281	271,827	84,698,797	7,401,153
65,466	114,610	418,021	7,701,497	6,285,761
666,399	-	909,976	3,784,430	2,879,589
6,525,823	-	60	7,379,830	-
72,759	1,293,582	600,798	5,929,411	2,357,128
-	-	-	42,298,357	-
-	-	-	-	28,600,443
-	-	-	-	50,835,351
1,449	30,901	114,838	1,817,885	678,924
-	1,893,006	398,652	13,372,603	-
91,927	3,161	295,132	7,113,906	4,587,162
29,847,524	19,420,023	6,346,339	218,808,182	134,098,377
1,810,941	(2,354,850)	(1,047,684)	13,651,032	163,725
(70,139)	2,895,502	-	11,781,295	3,925,392
-	-	(19,356)	(3,579,186)	(95,186)
(70,139)	2,895,502	(19,356)	8,202,109	3,830,206
1,740,802	540,652	(1,067,040)	21,853,141	3,993,931
-	-	-	1,314,500	-
-	-	2,135,000	2,135,000	11,744,952
(623,670)	(2,530,951)	(332,487)	(8,006,932)	(6,184,181)
1,117,132	(1,990,299)	735,473	17,295,709	9,554,702
4,871,223	46,133,689	10,863,234	411,474,315	41,194,672
\$ 5,988,355	\$ 44,143,390	\$ 11,598,707	\$ 428,770,024	\$ 50,749,374

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CITY OF SUNNYVALE

***Reconciliation of the Enterprise Funds Statement of Revenues, Expenses,
and Changes in Net Position to the Government-Wide Statement of Activities
Year Ended June 30, 2024***

Change in Net Position - Total Enterprise Funds	\$	17,295,709
Internal service funds look-back adjustments for the year		(3,417,491)
Payment made to governmental activities		<u>724,118</u>
Change in Net Position of Business-Type Activities	\$	<u><u>14,602,336</u></u>

See Accompanying Notes to the Basic Financial Statements

CITY OF SUNNYVALE

**Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2024**

	Major Enterprise Funds		
	Water Supply and Distribution	Wastewater Management	Solid Waste Management
Cash Flow from Operating Activities:			
Cash Received from Customers	\$ 59,389,822	\$ 55,797,457	\$ 62,465,879
Cash Received for Interfund Service Provided	-	-	-
Cash Paid for General Fund Administration	(3,902,359)	(2,951,979)	(4,226,607)
Cash Payments to Suppliers of Goods and Services	(48,344,181)	(14,670,229)	(53,451,309)
Cash Payments for Employee Services	(6,913,416)	(15,154,989)	(3,052,398)
Insurance and Claims Paid	-	-	-
Net Cash Provided by (Used For) Operating Activities	229,866	23,020,260	1,735,565
Cash Flows from Noncapital Financing Activities:			
Transfers from Other Funds	-	-	-
Transfers to Other Funds	(813,402)	(2,366,119)	(1,340,303)
Net Repayment of Advance from (to) Other Funds	-	(949,615)	(3,048,004)
Net Cash Provided by (Used for) Noncapital Financing Activities	(813,402)	(3,315,734)	(4,388,307)
Cash Flows from Capital and Related Financing Activities:			
Principal Paid on Long-Term Debt	(574,999)	(1,590,499)	-
Principal Paid on Lease Liabilities	-	-	-
Interest Paid on Long-Term Debt	(578,501)	(5,971,362)	-
Loans Payable Drawdown	-	15,077,939	-
Acquisition and Construction of Capital Assets	(158,612)	(54,944,225)	(1)
Net Cash Used for Capital and Related Financing Activities	(1,312,112)	(47,428,147)	(1)
Cash Flows from Investing Activities:			
Interest (Loss) on Investments	4,456,396	3,687,495	812,042
Net Increase (Decrease) in Cash and Cash Equivalents	2,560,748	(24,036,126)	(1,840,701)
Cash and Cash Equivalents - Beginning of Year	91,468,683	101,699,834	14,209,189
Cash and Cash Equivalents - End of Year	\$ 94,029,431	\$ 77,663,708	\$ 12,368,488
Reconciliation to Statement of Net Position:			
Cash and Investments Held by City	\$ 94,027,758	\$ 64,194,283	\$ 12,368,488
Cash and Investments Held by City - Restricted	-	13,466,429	-
Cash and Investments Held by Fiscal Agent and Trustee	1,673	2,996	-
Total Cash and Investments	\$ 94,029,431	\$ 77,663,708	\$ 12,368,488

See Accompanying Notes to the Basic Financial Statements

Major Enterprise Funds			Total Enterprise Funds	Governmental Activities
SMaRT Station	Development	Golf and Tennis Operations		Internal Service Funds
\$ 32,750,997	\$ 16,979,257	\$ 5,781,626	\$ 233,165,038	\$ 856,858
-	-	-	-	130,698,380
-	(1,893,006)	(398,652)	(13,372,603)	-
(29,699,761)	(3,186,834)	(2,113,609)	(151,465,923)	(69,220,147)
(772,948)	(13,911,717)	(3,662,424)	(43,467,892)	(30,352,282)
-	-	-	-	(28,123,443)
<u>2,278,288</u>	<u>(2,012,300)</u>	<u>(393,059)</u>	<u>24,858,620</u>	<u>3,859,366</u>
-	-	2,135,000	2,135,000	11,744,952
(623,670)	(2,530,951)	(332,487)	(8,006,932)	(6,184,181)
-	-	-	(3,997,619)	-
<u>(623,670)</u>	<u>(2,530,951)</u>	<u>1,802,513</u>	<u>(9,869,551)</u>	<u>5,560,771</u>
-	-	(134,320)	(2,299,818)	-
-	-	-	-	-
-	-	(19,356)	(6,569,219)	(1,298,134)
-	-	-	15,077,939	(115,933)
<u>(5,259,200)</u>	<u>1</u>	<u>(5,879)</u>	<u>(60,367,916)</u>	<u>(4,616,064)</u>
<u>(5,259,200)</u>	<u>1</u>	<u>(159,555)</u>	<u>(54,159,014)</u>	<u>(6,030,131)</u>
<u>(70,139)</u>	<u>2,895,501</u>	<u>-</u>	<u>11,781,295</u>	<u>3,925,392</u>
(3,674,721)	(1,647,749)	1,249,899	(27,388,650)	7,315,398
<u>4,110,992</u>	<u>62,026,440</u>	<u>4,455,808</u>	<u>277,970,946</u>	<u>67,424,145</u>
<u>\$ 436,271</u>	<u>\$ 60,378,691</u>	<u>\$ 5,705,707</u>	<u>\$ 250,582,296</u>	<u>\$ 74,739,543</u>
\$ 436,271	\$ 60,378,691	\$ 5,705,707	\$ 237,111,198	\$ 53,524,189
-	-	-	13,466,429	-
-	-	-	4,669	21,215,354
<u>\$ 436,271</u>	<u>\$ 60,378,691</u>	<u>\$ 5,705,707</u>	<u>\$ 250,582,296</u>	<u>\$ 74,739,543</u>

Continued

Statement of Cash Flows (Continued)
Proprietary Funds
Year Ended June 30, 2024

	Major Enterprise Funds		
	Water Supply and Distribution	Wastewater Management	Solid Waste Management
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used For) Operating Activities:			
Operating Income (Loss)	\$ (1,824,534)	\$ 15,902,110	\$ 1,165,049
Adjustments to Reconcile Operating Income (Loss) to Net Cash			
Provided by (Used For) Operating Activities:			
Depreciation and amortization	3,006,451	3,539,854	177,381
Loss on Disposal of Capital Assets	-	-	-
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:			
Receivables, Net	(403,826)	(371,715)	(133,816)
Intergovernmental Receivables	-	(757)	(36,298)
Lease Receivable	-	-	162,649
Deferred Inflows Related to Leases	-	-	-
Inventories and Prepayments	-	-	-
Refundable Deposits	(48,811)	(5,812)	14,295
Accounts Payable and Accrued Liabilities	(530,137)	3,411,527	84,708
Wages Payable	-	-	-
Landfill Postclosure Care	-	-	266,124
Service Concession Arrangement Receivable	-	-	-
Service Concession Arrangement Maintenance Liability	-	-	-
Deferred Inflows Related to Service Concession	-	-	-
Claims and Judgments Payable	-	-	-
Compensated Absences Payable	-	-	-
Deferred Outflows Related to Pensions and OPEB	86,450	724,382	236,565
Deferred Inflows Related to Pensions and OPEB	(214,452)	(584,823)	(289,132)
Net Pension Liability	395,371	1,010,598	219,043
Net OPEB Liability	(236,646)	(605,104)	(131,003)
Net Cash Provided by (Used For) Operating Activities	\$ 229,866	\$ 23,020,260	\$ 1,735,565
Noncash Capital and Related Financing Activities:			
Amortization of Bond Premium	\$ 77,254	\$ 103,380	\$ -
Amortization of Deferred Inflows of Resources for Gain on Debt Refunding	-	18,836	-
Noncash Capital Contributions	866,200	448,300	-
Addition of Intangible-Right To Use Assets	-	-	-
Addition of Subscriptions	-	-	-

See Accompanying Notes to the Basic Financial Statements

Major Enterprise Funds			Total Enterprise Funds	Governmental Activities
SMaRT Station	Development	Golf and Tennis Operations		Internal Service Funds
\$ 1,810,941	\$ (2,354,850)	\$ (1,047,684)	\$ 13,651,032	\$ 163,725
91,927	3,161	295,132	7,113,906	4,587,162
-	-	-	-	-
1,159,480	(80,586)	(4,119)	165,418	(2,706,864)
(66,948)	-	-	(104,003)	-
-	-	487,090	649,739	-
-	-	-	-	-
-	-	13,549	13,549	69,112
-	-	375	(39,953)	-
(713,061)	(536,460)	59,548	1,776,125	1,148,647
-	-	-	-	365,507
-	-	-	266,124	-
-	-	129,735	129,735	-
-	-	(1,296)	(1,296)	-
-	-	-	-	-
-	-	-	-	477,000
-	-	-	-	(1,527,402)
4,825	1,059,700	251,936	2,363,858	1,437,780
(28,409)	(513,289)	(675,571)	(2,305,676)	(740,130)
48,581	1,013,954	235,042	2,922,589	1,412,241
(29,048)	(598,600)	(136,796)	(1,737,197)	(827,412)
<u>\$ 2,278,288</u>	<u>\$ (2,012,300)</u>	<u>\$ (393,059)</u>	<u>\$ 24,858,620</u>	<u>\$ 3,859,366</u>
\$ -	\$ -	\$ -	\$ 180,634	\$ -
-	-	-	18,836	-
-	-	-	1,314,500	-
-	-	-	-	-
-	-	-	-	-
				Concluded

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Fiduciary Fund Financial Statements

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

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

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

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

**Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2024**

	Other Postemployment Benefit Trust Fund	Private-Purpose Trust Funds	Custodial Funds
Assets:			
Deposits and Investments in City Treasury Pool (Notes 3 and 20)	\$ -	\$ 84,345	\$ 2,069,804
Deposits and Investments Outside of City Treasury Pool (Notes 3 and 20)	-	202,369	3,210,828
Deposits and Investments with Fiscal Agent and Trustee (Notes 3 and 20):			
Cash and Cash Equivalents	432,852	-	1,913,620
Mutual Funds-Fixed Income	101,258,479	-	-
Mutual Funds-Equity	66,659,206	-	-
Receivables (Notes 4 and 20)	30,119	12,457,419	53,202
Capital Assets (Note 20):			
Nondepreciable Assets	-	13,959,752	-
Total Assets	<u>168,380,656</u>	<u>26,703,885</u>	<u>7,247,454</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	3,038	745	-
Accrued Interest Payable	-	-	-
Long-term Obligations (Note 20):			
Due Within One Year	-	70,000	-
Due in More Than One Year	-	40,232,123	-
Total Liabilities	<u>3,038</u>	<u>40,302,868</u>	<u>-</u>
Net Position:			
Restricted for Employee Benefits Other Than Pensions	168,377,618	-	-
Restricted for Private Purpose Held in Trust	-	69,655	-
Restricted for Others	-	-	7,247,454
Unrestricted for Private Purpose Held in Trust	-	(13,668,638)	-
Total Net Position	<u>\$ 168,377,618</u>	<u>\$ (13,598,983)</u>	<u>\$ 7,247,454</u>

See Accompanying Notes to the Basic Financial Statements

**Statement of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2024**

	Other Postemployment Benefit Trust Fund	Private-Purpose Trust Funds	Custodial Funds
Additions:			
<i>Contributions:</i>			
Employer Contributions - Direct	\$ 3,198,620	\$ -	\$ -
Employer Contributions - Outside of OPEB Trust	7,147,518	-	-
Employer Contributions - Implied Subsidy	1,839,000	-	-
Special Tax Collected	-	32,039	1,591,742
Receipt from County Redevelopment Property Tax Trust Fund	-	-	-
Contributions from Participating Government Agencies	-	-	5,748,788
Contributions from Non-Government Agencies	-	-	113,671
<i>Total contributions:</i>	<u>12,185,138</u>	<u>32,039</u>	<u>7,454,201</u>
<i>Investment Earnings:</i>			
Net Appreciation in Fair Value of Investments	14,453,677	12,608	-
Interest	35,738	-	113,460
Dividends	3,887,806	-	-
<i>Total investment earnings:</i>	<u>18,377,221</u>	<u>12,608</u>	<u>113,460</u>
<i>Less Investment Expenses</i>	<u>54,996</u>	<u>-</u>	<u>-</u>
<i>Net Investment earnings</i>	<u>18,432,217</u>	<u>12,608</u>	<u>113,460</u>
Total Additions	<u>30,617,355</u>	<u>44,647</u>	<u>7,567,661</u>
Deductions:			
Benefit Payments with Implied Subsidy	8,986,518	-	-
Projects Management	-	110,623	-
City Loan Interest Added to Loan Principal	-	465,537	-
Debt Service Payments	-	-	1,715,825
Fiscal Agent Trustee Fees	-	8,989	-
Program Expenses	-	-	154,140
Agreements, Fees and Monitoring	-	-	4,983,255
Administrative Expenses	-	48,034	243,833
Total Deductions	<u>8,986,518</u>	<u>633,183</u>	<u>7,097,053</u>
Change in Net Position	<u>21,630,837</u>	<u>(588,536)</u>	<u>470,608</u>
Net Position:			
Beginning of Year	<u>146,746,781</u>	<u>(13,010,447)</u>	<u>6,776,846</u>
End of Year	<u>\$ 168,377,618</u>	<u>\$ (13,598,983)</u>	<u>\$ 7,247,454</u>

See Accompanying Notes to the Basic Financial Statements

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CITY OF SUNNYVALE

Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024

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CITY OF SUNNYVALE

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Fiscal Year Ended June 30, 2024

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Notes to the Basic Financial Statements
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Sunnyvale Financing Authority

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

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

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

Redevelopment Successor Agency (RSA)

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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

The Community Facilities District No. 1

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

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

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

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

Basis of Presentation

Government-wide Financial Statements

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes or other interfund charges where the amounts are reasonably equivalent in value to the services provided. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned. The types of transactions reported as program revenues for the City are reported in three categories: 1) charges for services, 2) operating grants and contributions, and 3) capital grants and contributions.

Fund Financial Statements

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

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

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

The City reports the following major governmental funds:

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

- The *Infrastructure Renovation and Replacement Fund* accounts for financial resources related to the City’s Long-Range Infrastructure Plan for the renovation and replacement of existing general capital assets.
- The *Civic Center Capital Project Fund* accounts for 2020 Lease Revenue Bonds proceeds issued to finance construction costs of the Civic Center Modernization Project.

The City reports the following major enterprise funds:

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

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

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

Additionally, the City reports the following fund types:

- *Internal Service Funds* account for services provided to other City funds, on a cost reimbursement basis, in the following areas: fleet equipment, building services, computers, office equipment, communication equipment, print shop, project administration, employee benefits (leaves, workers’ compensation, retirement, and insurance) and property and liability insurance services.
- *Other Postemployment Benefit Trust Fund* is a fiduciary fund type that account for resources required to be held in trust for the members and beneficiaries of defined other postemployment benefit plans. The City of Sunnyvale Retiree Healthcare Plan is a single employer defined benefit retiree healthcare plan administered by the City through a trust arrangement.
- *Private-Purpose Trust Fund* is a fiduciary fund type that accounts for resources held and administered under trust or similar arrangement for the benefits of individuals, private organizations, or other governments. The financial activities of the RSA and the CFD No. 3 are accounted for in the private-purpose trust funds.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

- *Custodial Funds* are a fiduciary fund type that account for fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private purpose trust funds. The financial activities of the CFD No. 1, Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP), and NOVAworks Foundation are accounted for in the custodial funds.

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

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

Reconciliation of the fund financial statements to the government-wide financial statements is provided in the basic financial statements to explain the differences created by the integrated approach.

Measurement Focus and Basis of Accounting

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

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

Fair Value Measurements

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Cash, Cash Equivalents, and Investments

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

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

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

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

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

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

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

Receivables

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Lease Receivables

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

Interfund Balances/Internal Balances

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

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

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

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

Inventory and Prepaid Items

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

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

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

Assets Held for Resale

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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 mid-month convention applied to the first month of acquisition) over the useful lives of the assets as follows:

- Buildings 10 - 50 years
- Traffic signals 15 - 30 years
- Sidewalks, Curbs, Gutters, and Street Lights 30 - 40 years
- Water Supply and Distribution System 5 - 80 years
- Wastewater Treatment and Collection System 10 - 80 years
- Storm drains 30 – 50 years
- Other land improvements 5 - 80 years
- Equipment, Software, Vehicles and Machinery 2 - 30 years
- Intangible Right-to-use Assets Lease/SBITA service period

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, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Using the modified approach to report the City’s street pavement system, each homogeneous segment of City-owned streets was assigned a physical condition based on potential defects. A pavement condition index (PCI) was assigned to each street segment. The index is expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned to segments of streets that have the physical characteristics of a new street. The following conditions were defined:

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

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

Deferred Outflows and Inflows of Resources

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

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

Gain or Loss on Refunding:

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

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Deferred Inflows of Resources Related to Leases:

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

Unavailable Revenue:

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

Imposed Nonexchange Revenue:

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

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

Service Concession Arrangement

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

Lifetime has agreed to pay the City installment payments over the course of the arrangement; the present value of the remaining installment payments is estimated to be \$1,276,732, 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, 2024, the present value of the City's maintenance obligation is estimated to be \$1,223,137 reported as a service concession arrangement maintenance liability. The difference between the present value of the installments receivable and maintenance obligations was \$53,594, which was reported as deferred inflows of resources in the Golf and Tennis Operations Enterprise Fund.

Subscription-Based Information Technology Arrangements (SBITAs)

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

Unearned Revenue

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

Noncurrent Liabilities

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Government-Wide and Enterprise Fund Financial Statements

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

Governmental Fund Financial Statements

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

Pensions

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

Postemployment Benefits Other Than Pensions (OPEB)

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

Fund Balance Policies

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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

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

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

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

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

Fund Balance Flow Assumptions

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

Net Position Flow Assumptions

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

Use of Estimates

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

Program Revenues

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

Property Tax Revenue

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES, Continued

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, 2023, the City implemented the following GASB Statement:

In April 2022, the GASB issued Statement No. 99, *Omnibus 2022*. The requirements related to leases, public-private partnerships (PPPs), and SBITAs are effective for the City's fiscal year ending June 30, 2023. The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement No. 53 are effective for the City's fiscal year ending June 30, 2024. Implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2024.

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*. The primary objective of this statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant consistent, and comparable information for making decisions or assessing accountability. Implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2024.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The objective of this statement is to provide users of government financial statements with essential information about risk related to government’s vulnerabilities due to certain concentrations or constraints. This statement defines a concentration as a lack of diversity related to an aspect of a significant inflow of resources or outflow of resources. A constraint is a limitation imposed on a government by external party or by formal action of the government’s highest level of decision-making authority. Concentrations and constraints may limit a government’s ability to acquire resources or control spending. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2025.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government’s accountability. This statement also addresses certain application issues. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2026.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement requires certain capital assets to be disclosed separately in the capital assets note disclosures required by statement 34. The requirements of this statement are effective for the City’s fiscal year ending June 30, 2026.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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 \$50,749,374, one of the internal service funds, Property and Liability Insurance Fund, had a deficit net position of \$3,726,688 at year end. The deficit was caused by the claims and judgments payable for the general liability program. The deficit is expected to be funded by future internal service charges to other City funds.

The deficit net position of \$13,598,983 in the Private Purpose Trust Fund was the combined total of the CFD No. 3 positive net position of \$69,655 and the RSA negative net position of \$13,668,638. The RSA has significant noncurrent liabilities which will be liquidated by future receipts from the Redevelopment Property Tax Trust Fund (RPTTF) determined by the State of California and distributed by the County. Note 20 provides a detailed explanation of those liabilities.

The deficit fund balance for the 2016 Measure B Santa Clara VTA Nonmajor Governmental Fund was \$135,580. The deficit is expected to be funded by the receipt of intergovernmental revenues during the following fiscal year.

NOTE 3 – DEPOSITS AND INVESTMENTS

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

Summary of Deposits and Investments

	<u>Government-Wide Statement of Net Position</u>			<u>Fund Financials</u>
	<u>Governmental</u>	<u>Business-Type</u>	<u>Total</u>	<u>Fiduciary</u>
	<u>Activities</u>	<u>Activities</u>		<u>Statement of</u>
				<u>Net Position</u>
Deposits and Investments Held by the City	\$ 316,875,565	\$ 237,111,198	\$ 553,986,763	
Restricted Deposits and Investments:				
Held by the City	\$ 312,655,514	13,466,429	326,121,943	
Held by the Fiscal Agent	21,238,097	4,669	21,242,766	
Total Government-Wide Deposits and Investments	\$ 650,769,176	\$ 250,582,296	\$ 901,351,472	
Deposits and Investments in City Treasury Pool				\$ 2,154,149
Deposits and Investments Outside of City Treasury Pool				3,413,197
Deposits and Investments Held by the Fiscal Agent and Trustee				170,264,157
Total Fiduciary Deposits and Investments				\$ 175,831,503
Grand Total				\$ 1,077,182,975

Deposits and Cash on Hand in the City Treasury Pool

The carrying amount of the cash and deposits in the City pool totaled \$39,119,808 at June 30, 2024. Bank balances before reconciling items (i.e., deposits in transit and outstanding checks) were \$50,4066,620, the total amount of which was insured or collateralized with securities held by the pledging financial institutions in the City’s name.

Investments

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
Securities issued by the U.S. Treasury	7 years	100%	N/A
Government Agency and Sponsored Enterprise Securities	7 years	100%	30% *
Banker's Acceptances	180 days	40% *	5% *
Federally Insured Bank Deposits	5 year	20% *	\$250,000
Collateralized Bank Deposits	1 year*	20% *	5% *
Negotiable Certificates of Deposit	5 year *	30%	5% *
Certificates of Deposits Placement Service	5 year *	30%	N/A
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%	10%

* 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, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

The City had the following recurring fair value measurements as of June 30, 2024:

Investments	Balance at June 30, 2024	Significant Other Observable Inputs (Level 2)
City Treasury Pooled Investments		
Investments Subject to Fair Value Hierarchy:		
Corporate Notes	\$ 217,759,034	\$ 217,759,034
ABS - Asset Back Securities	68,807,685	68,807,685
CMBS - Commercial Mortgage-Backed Securities	100,228,402	100,228,402
Supranational	17,829,090	17,829,090
Federal Agency Issues	130,873,422	130,873,422
U.S. Treasury Securities	286,000,233	286,000,233
Investments Subject to Fair Value Hierarchy	<u>821,497,866</u>	<u>821,497,866</u>
Investments Not Subject to Fair Value Hierarchy:		
Cash Equivalent Mutual Funds/Accounts	3,617,139	
Local Agency Investment Funds	18,028,042	
Total City Treasury Pooled Investments*	<u>\$ 843,143,047</u>	
City Investments Held by Fiscal Agent		
Investments Not Subject to Fair Value Hierarchy:		
Cash Equivalent Mutual Funds/Accounts	\$ 119,927	
Open-End Mutual Funds (Fixed Income/Equity)	21,122,839	
Total Investments Held by Fiscal Agent	<u>\$ 21,242,766</u>	
Fiduciary Fund Investments Outside of City Treasury Pool		
Investments Not Subject to Fair Value Hierarchy:		
Cash Equivalent Mutual Funds/Accounts	\$ 3,210,828	
Local Agency Investment Funds	202,369	
	<u>\$ 3,413,197</u>	
Fiduciary Fund Investments Held by Fiscal Agent		
Investments Not Subject to Fair Value Hierarchy:		
Cash Equivalent Mutual Funds/Accounts	\$ 598,332	
Open-End Mutual Funds (Fixed Income/Equity)	167,917,685	
Guaranteed Investment Contract	1,748,140	
Fiduciary Fund Investments with Fiscal Agent	<u>\$ 170,264,157</u>	

* The City Treasury included \$2,154,149 of Fiduciary Fund's deposits and investments.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

Risk Disclosures

Credit Risk

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

The following table provides credit rating information for applicable investments:

	Credit Ratings S&P/Moody's	Fair Value	Total
City Treasury Pooled Cash and Investments:			
Bank Deposits and Cash on Hand			\$ 39,119,808
Investments:			
Corporate Notes:			
Amazon	AA / A1	\$ 9,293,939	
Apple	AA+ / Aaa	9,518,297	
Bank of America Corp	A- / A1	9,325,295	
Bank of Montreal	A- / A2	8,260,457	
Bank of NY Mellon	A / A1	4,214,570	
Berkshire Hathaway	AA / Aa2	5,999,187	
Charles Schwab Corp	A- / A2	5,204,243	
Cisco Systems Inc.	AA- / A1	4,474,210	
Costco Wholesale Corp	A+ / Aa3	5,066,140	
Eli Lilly and Co.	A+ / A1	6,147,706	
Florida Power & Light Co.	A+ / Aa2	5,041,880	
John Deere Capital	A / A1	9,146,199	
JP Morgan Chase & Co	A- / A1	9,506,452	
Mass Mutual Global	AA+ / Aa3	5,161,967	
Merck & Co	A+ / A1	4,703,946	
Metropolitan Life Global	AA- / Aa3	6,092,873	
Met Tower Global Funding	AA- / Aa3	3,703,531	
Morgan Stanley	A- / A1	4,390,034	
New York Life Global	AA+ / Aaa	7,453,976	
Northern Trust Company	A+ / A2	2,904,017	
Northwestern Mutual Global Funding	AA+ / Aaa	4,454,624	
Northwestern Mutual Life	AA+ / Aaa	4,963,794	
Paccar Financial	A+ / A1	6,598,314	
Procter & Gamble Co	AA- / Aa3	9,307,795	
Prologis LP	A / A3	9,506,318	
Realty income Corp	A- / A3	10,338,621	
Royal Bank of Canada	A / A1	4,875,438	
Target Corp	A / A2	3,578,165	
Toronto Dominion Bank	A / A1	11,373,803	
Toyota Motor	A+ / A1	8,121,390	
Truist Bank	A / A3	7,333,516	
United Health Group	A+ / A2	10,214,179	
Wal-Mart Stores	AA / Aa2	1,484,158	
Total Corporate			217,759,034

(continued)

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

Government Sponsor Enterprise, Asset-Back, Money Market & Supranational:

ABS (Hart, Taot, Harot, Gmcar, Halst, Amxca, Gmalt, Chait, Hondo)	AAA / NR	36,699,493	
ABS (Harot, Bmwot, Taot, Gmcar, Bacct)	AAA / Aaa	14,908,392	
ABS (Jdot, Harot, Amxca, Mbalt)	NR / Aaa	17,199,800	
Agency CMBS (FHMS)	AA+ / Aaa	74,405,158	
Agency CMBS (FHMS)	AAA / Aaa	25,823,244	
Supranational Securities (IBRD, IADB)	AAA / Aaa	17,829,090	
Federal Farm Credit Bank	AA+ / Aaa	9,808,565	
Federal Home Loan Bank	AA+ / Aaa	24,177,817	
Federal Home Loan Mortgage Corporation	AA+ / Aaa	34,792,984	
Federal National Mortgage Association	AA+ / Aaa	57,429,017	
Tennessee Valley Authority	AA+ / Aaa	4,665,039	
Total Government Sponsor Enterprise, Asset-Back, Supranational			317,738,599
US Treasuries	AA+ / Aaa		286,000,233
Money Market Funds	AAA / Aaa		3,617,139
Local Agency Investment Funds	Not Rated		18,028,042
			\$ 882,262,855

	Credit Ratings S&P/Moody's	Fair Value	Total
City Cash and Investments with Fiscal Agents:			
Treasury Obligation and Money Market Mutual Funds	Not Rated	\$ 119,927	
Open-Ended Mutual Funds (Fixed Income/Equity)	Not Rated	21,122,839	
Total City Cash and Investments with Fiscal Agents			\$ 21,242,766
Fiduciary Funds Cash and Investments Outside of City Treasury Pool			
Cash Equivalent Mutual Funds/Accounts	Not Rated	\$ 3,210,828	
Local Agency Investment Funds	Not Rated	202,369	
Fiduciary Fund Deposits and Investments not in the City Treasury Pool			\$ 3,413,197
Fiduciary Funds Cash and Investments Held by Fiscal Agent			
Cash Equivalent Mutual Funds/Accounts	Not Rated	\$ 598,332	
Open-End Mutual Funds (Fixed Income/Equity)	Not Rated	167,917,685	
Guaranteed Investment Contracts	Not Rated	1,748,140	
Fiduciary Fund Deposits and Investments not in the City Treasury Pool			\$ 170,264,157
			(concluded)

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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, 2024 are as follows:

	Maturity (in years)				Total Fair Value
	1 year or less	1 to 2 years	2 to 5 years	5 to 10 years	
Investments Held by the City:					
Corporate Notes:					
Amazon	\$ -	\$9,293,939	\$ -	\$ -	\$ 9,293,939
Apple	-	-	9,518,296	-	9,518,296
Bank of America Corp	-	5,940,897	3,384,399	-	9,325,296
Bank of Montreal	5,512,528	-	2,747,929	-	8,260,457
Bank of NY Mellon	-	4,214,570	-	-	4,214,570
Berkshire Hathaway	-	-	5,999,187	-	5,999,187
Charles Schwab Corp	-	-	5,204,243	-	5,204,243
CISCO Systems Inc	-	-	4,474,211	-	4,474,211
Costco Wholesale Corp	-	-	5,066,140	-	5,066,140
Eli Lilly and CO.	-	-	6,147,706	-	6,147,706
Florida Power and Light	-	-	5,041,880	-	5,041,880
John Deere Capital	-	-	9,146,199	-	9,146,199
JP Morgan Chase & Co	-	1,941,150	7,565,302	-	9,506,452
Mass Mutual Global	-	-	5,161,967	-	5,161,967
Merck & Co	-	-	4,703,946	-	4,703,946
Metropolitan Life Global	-	-	6,092,873	-	6,092,873
MET Tower Global Funding	-	-	3,703,531	-	3,703,531
Morgan Stanley	-	-	4,390,034	-	4,390,034
New York Life Global	-	-	7,453,976	-	7,453,976
Northern Trust Company	-	-	2,904,017	-	2,904,017
Northwestern Mutual Life	-	-	9,418,418	-	9,418,418
Paccar Financial	-	-	6,598,313	-	6,598,313
Procter & Gamble Co	-	-	9,307,795	-	9,307,795
Prologis LP	-	-	9,506,318	-	9,506,318
Realty income Corp	-	3,963,808	6,374,813	-	10,338,621
Royal Bank of Canada	-	-	4,875,438	-	4,875,438
Target Corp	-	-	3,578,165	-	3,578,165
Toronto Dominion Bank	-	-	11,373,803	-	11,373,803
Toyota Motor	1,787,033	6,334,357	-	-	8,121,390
Truist Bank	7,333,516	-	-	-	7,333,516
United Health Group	-	1,543,085	8,671,094	-	10,214,179
Wal-Mart Stores	-	-	1,484,158	-	1,484,158
ABS (Asset Back-Securities)	-	6,213,256	62,594,429	-	68,807,685
Agency CMBS (FHMS)	-	-	91,097,172	9,131,230	100,228,402
Supranational Securities	-	17,829,090	-	-	17,829,090
Federal Farm Credit Bank	-	-	9,808,565	-	9,808,565
Federal Home Loan Bank	-	5,241,655	18,936,162	-	24,177,817
Federal Home Loan Mortgage Corporation	14,884,464	19,908,520	-	-	34,792,984
Federal National Mortgage Association	25,868,462	24,480,306	7,080,249	-	57,429,017
Tennessee Valley Authority	-	-	4,665,039	-	4,665,039
U. S. Treasuries	37,368,473	40,152,051	192,453,576	16,026,133	286,000,233
Cash Equivalent Mutual Funds/Accounts	3,617,139	-	-	-	3,617,139
Local Agency Investment Funds	18,028,042	-	-	-	18,028,042
Total	\$ 114,399,657	\$ 147,056,684	\$ 556,529,343	\$ 25,157,363	\$843,143,047

(continued)

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

City Investments Held by Fiscal Agents:

Treasury Obligation Mutual Funds	\$ 119,927	-	-	-	\$ 119,927
Open-Ended Mutual Funds (Fix Income)	10,452,134	-	-	-	10,452,134
Open-Ended Mutual Funds (Equity)	10,670,705	-	-	-	10,670,705
Total	\$ 21,242,766	\$ -	\$ -	\$ -	\$ 21,242,766

Fiduciary Fund Investments Outside of City Treasury Pool

Cash Equivalent Mutual Funds/Accounts	\$ 3,210,828	\$ -	\$ -	\$ -	\$ 3,210,828
Local Agency Investment Funds	202,369	-	-	-	202,369
Total	\$ 3,413,197	\$ -	\$ -	\$ -	\$ 3,413,197

Fiduciary Fund Investments Held by Fiscal Agent

Cash Equivalent Mutual Funds/Accounts	\$ 598,332	\$ -	\$ -	\$ -	\$ 598,332
Open-End Mutual Funds (Fixed Income)	66,659,206	-	-	-	66,659,206
Open-End Mutual Funds (Equity)	101,258,479	-	-	-	101,258,479
Guaranteed Investment Contracts	-	-	-	1,748,140	1,748,140
Total	\$ 168,516,017	\$ -	\$ -	\$ 1,748,140	\$ 170,264,157

(concluded)

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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, 2024, investments in the following issuers represented 5% or more of investments in the City Treasury pool.

<u>Issuer</u>	<u>Amount</u>
Federal National Mortgage Association	\$ 57,429,017
Asset-Backed Securities	68,807,685
Commercial Mortgage-Backed Security-FHMS	100,228,402
Total	<u>\$ 226,465,104</u>

Investments in Local Agency Investment Fund

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

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 3 – DEPOSITS AND INVESTMENTS, Continued

According to the LAIF Performance Report for the quarter ending June 30, 2024, the weighted average life of the securities in the pooled investment program administered by the State Treasurer’s Office was 217 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, 2024, by multiplying its account balance with LAIF by the fair value factor determined by LAIF. This fair value factor was determined by dividing all LAIF participants’ total aggregate fair value by total aggregate amortized cost resulting in a factor of 0.996316042.

LAIF is part of the State’s Pooled Money Investment Account (PMIA). The total balance of the PMIA is approximately \$178.3 billion as of June 30, 2024. Of that amount, 99% was invested in nonderivative financial products and 1% in structured notes and asset backed securities.

NOTE 4 – RECEIVABLES

Government Wide Financial Statements

At June 30, 2024, the government-wide financial statements show the following current receivables net of allowances for uncollectible amounts:

	Governmental Activities	Business-Type Activities	Total
Unrestricted:			
Accounts	\$ 1,330,549	\$ 28,481,431	\$ 29,811,980
Taxes	12,656,893	-	12,656,893
Interest	2,072,542	1,634,889	3,707,431
Other	896,296	25,906	922,202
Allowance	(417,292)	(1,825,904)	(2,243,196)
 Total Unrestricted	 <u>16,538,988</u>	 <u>28,316,322</u>	 <u>44,855,310</u>
Restricted:			
Accounts	120,264	-	120,264
Interest	1,793,030	-	1,793,030
Other	31,899	-	31,899
 Total Restricted	 <u>1,945,193</u>	 <u>-</u>	 <u>1,945,193</u>
 Total Current Receivables, Net	 <u>\$ 18,484,181</u>	 <u>\$ 28,316,322</u>	 <u>\$ 46,800,503</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 4 – RECEIVABLES, Continued

Fund Financial Statements

At June 30, 2024, the fund financial statements show the following current receivables net of allowances for uncollectible amounts:

	<u>Accounts Receivable</u>	<u>Taxes</u>	<u>Interest</u>	<u>Other</u>	<u>Less: Allowance for Uncollectible</u>	<u>Total</u>
Governmental Funds:						
General	\$ 1,433,390	\$ 12,656,893	\$ 1,291,916	\$ 550,208	\$ (417,292)	\$ 15,515,115
Housing	-	-	465,665		-	465,665
Park Dedication	-	-	715,326	25,700	-	741,026
City Projects	-	-	386,880		-	386,880
Infrastructure Renovation and Replacement	-	-	568,723	-	-	568,723
Capital Project Civic Center	-	-	-	-	-	-
Nonmajor Governmental	-	-	208,528	-	-	208,528
Total Governmental Funds	\$ 1,433,390	\$ 12,656,893	\$ 3,637,038	\$ 575,908	\$ (417,292)	\$ 17,885,937
Proprietary Funds:						
Water Supply and Distribution	\$ 10,397,538	\$ -	\$ 605,940	\$ 4,598	\$ (603,500)	\$ 10,404,576
Wastewater Management	8,997,317	-	535,471	808	(589,531)	8,944,065
Solid Waste Management	9,060,762	-	114,787	5,553	(632,873)	8,548,229
SMART Station	-	-	-	-	-	-
Development	25,814	-	378,691	-	-	404,505
Golf and Tennis Operations	-	-	-	14,947	-	14,947
Internal Service Funds	17,423	-	228,534	352,287	-	598,244
Total Proprietary Funds	\$ 28,498,854	\$ -	\$ 1,863,423	\$ 378,193	\$ (1,825,904)	\$ 28,914,566
Fiduciary Funds:						
OPEB Trust Fund	\$ 26,451	\$ -	\$ -	\$ 3,668	\$ -	\$ 30,119
Private-Purpose Trust Funds	-	-	3,541	12,453,878	-	12,457,419
Custodial Funds	-	-	53,202	-	-	53,202
Total Fiduciary Funds	\$ 26,451	\$ -	\$ 56,743	\$ 12,457,546	\$ -	\$ 12,540,740

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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, 2024, the City had intergovernmental receivables in the following major funds and nonmajor funds in the aggregate:

Governmental Activities:

Governmental Funds:

General Fund	\$ 1,939,973
City Projects Fund	6,213,162
Nonmajor Funds	4,998,023
Total Governmental Activities	\$ 13,151,158

Business-Type Activities:

Wastewater Management Enterprise Fund	\$ 5,413
Solid Waste Management Enterprise Fund	229,019
SMaRT Station Enterprise Fund	66,948
Total Business-Type Activities	\$ 301,380

NOTE 6 – LONG-TERM RECEIVABLES

From Employees

In 1981, the City Council established a mortgage loan program for Council-appointed officers and department heads. The program was designed to keep the cost of housing from limiting the number of qualified applicants for senior executive positions. All loans are secured by a deed of trust, carry interest at rates ranging from 0.76% to 3.147%, and have repayment terms of 45 years. At June 30, 2024, the City had four loans to City employees in the amount of \$562,010 and \$5,698,544 reported under the General Fund and the Employee Payroll & Benefits Internal Service Fund, respectively, which totaled to \$6,260,554.

From Sunnyvale Community Services, an Outside Nonprofit Agency

In July 2021, the City executed a loan agreement with the Sunnyvale Community Services (SCS), a nonprofit agency, for capital improvements to their building property at 1160 Kern Avenue, Sunnyvale. The City issued a conditional loan in the amount of \$1,500,000, with no interest or principal payments. The loan will be forgiven after ten years if the SCS remains at the same property and continues to be a local nonprofit agency serving Sunnyvale residents. The City accounted the transaction as a conditional long-term loan receivable and established an uncollectible receivable allowance in the amount of \$1,500,000 in the General fund.

In October 2023, the City executed an equity sharing agreement with the SCS and contributed \$4,000,000 to pay off an outstanding bank loan related to the purchase of the building property located at 1160 Ken Avenue, Sunnyvale. Per the agreement, the City has an equity interest share of 16.19% in the property. The conditional loan has no interest or principal payments due to the City as long as the SCS continues to use the property to provide services to vulnerable residents of Sunnyvale. The City accounted the transaction as a conditional long-term loan receivable and established an uncollectible receivable allowance in the amount of \$4,000,000 in the General fund.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 7 – HOUSING LOANS RECEIVABLE

The maturity schedule for the housing loans receivable reported in the governmental activities as of June 30, 2024 were as follows:

Maturity Date Year Ending June 30,	Community Development Block Grant	HOME Grant	Housing Mitigation	Other Housing	Total
2025	\$ 2,016,719	\$ 5,111,014	\$ 32,873,745	\$ 55,100	\$ 40,056,579
2026	474,761	-	-	-	474,761
2027	119,375	-	-	-	119,375
2028	989,777	40,056	-	-	1,029,833
2029	-	-	-	-	-
2030-2034	782,930	2,008,310	1,124,425	-	3,915,666
2035-2039	2,631,152	344,890	235,320	1,086,710	4,298,072
2040-2044	572,611	1,913,579	708,454	274,090	3,468,733
2045-2049	3,141,023	1,804,769	-	518,585	5,464,377
2050-2054	245,256	-	-	445,197	690,453
2055-2059	238,262	-	-	-	238,262
2060-2064	76,392	200,000	-	-	276,392
2065-2069	138,934	-	-	-	138,934
2070-2074	-	2,503,749	9,025,820	-	11,529,570
2075-2080	-	482,837	29,602,682	-	30,085,519
Due Upon Sale or Transfer of Property	1,384,380	-	-	-	1,384,380
	<u>12,811,572</u>	<u>14,409,204</u>	<u>73,570,446</u>	<u>2,379,683</u>	<u>103,170,906</u>
Less: Allowance for Uncollectibles	<u>(256,231)</u>	<u>(288,184)</u>	<u>(1,471,409)</u>	<u>(47,594)</u>	<u>(2,063,418)</u>
Housing Loans Receivables, Net at June 30, 2024	<u>\$ 12,555,341</u>	<u>\$ 14,121,020</u>	<u>\$ 72,099,037</u>	<u>\$ 2,332,089</u>	<u>\$ 101,107,487</u>

All housing loans, excluding mobile home loans, are secured by deeds of trust. Mobile home loans are secured by certificates of title. These loans carry interest rates ranging from 0% to 5% with repayment terms from 10 to 55 years or upon sale or transfer of property. Interest rates are set at below market rates and, in some cases, below the rate of inflation. Repayment of these loans is not assured until cash is received, and in some instances the loans are either not fully recoverable (e.g., mobile home loans due to depreciation) or terms are extended. The City maintains an allowance to reflect both the economic cost of providing loans at low interest rates, which reduces their present value, and for credit risk. In the government-wide financial statements, the housing loans receivable is reported as a restricted asset. The receivable balance is increased by the issuance of new loans and interest accrued on the loans and is decreased by loan repayments.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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, 2024, the City has unearned revenue in the amount of \$942,871 and \$42,641 reported under the governmental activities and business-type activities, respectively, which totaled to \$985,512.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 9 – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Government-Wide Financial Statements

Deferred Outflows of Resources	Governmental Activities	Business-Type Activities
Deferred Outflows of Resources Related to Pensions	\$ 109,795,504	\$ 20,454,361
Deferred Outflows of Resources Related to OPEB	15,720,911	5,351,474
Total Deferred Outflows of Resources	<u>\$ 125,516,415</u>	<u>\$ 25,805,835</u>

Deferred Inflows of Resources	Governmental Activities	Business-Type Activities
Imposed Nonexchange Revenue:		
Business License Tax Received for Next Period	\$ 974,610	\$ -
Gain on Debt Refunding	-	42,380
Service Concession Arrangement	-	53,594
Leases	10,680,604	5,126,788
Deferred Inflows of Resources Related to Pensions	491,796	-
Deferred Inflows of Resources Related to OPEB	13,301,998	3,740,896
Total Deferred Outflows of Resources	<u>\$ 25,449,008</u>	<u>\$ 8,963,658</u>

Fund Financial Statements

At June 30, 2024, the following items were recorded in the governmental fund financial statements as deferred inflows of resources:

	General Fund	Housing Special Revenue	Infrastructure Renovation and Replacement	Capital Projects	Nonmajor Governmental	Total
Interest - Interfund Advances	\$ 3,159,268	\$ -	\$ -	\$ -	\$ -	\$ 3,159,268
Interest on Loans to City Employees	38,063	-	-	-	-	38,063
Proposition 172 Revenue	162,865	-	-	-	-	162,865
Intergovernmental Cost Reimbursements	1,671,133	-	-	-	-	1,671,133
Interest - Housing Loans	-	6,989,379	-	-	-	6,989,379
Unavailable Grant Revenues	-	-	-	643,350	8,533,234	9,176,584
Leases	8,856,180	-	-	1,824,424	-	10,680,604
Business License Tax Revenue	974,610	-	-	-	-	974,610
Total	<u>\$ 14,862,119</u>	<u>\$ 6,989,379</u>	<u>\$ -</u>	<u>\$ 2,467,774</u>	<u>\$ 8,533,234</u>	<u>\$32,852,506</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 10– INTERNAL BALANCES/INTERFUND BALANCES

Government-Wide Financial Statements

Internal Balances consist of the following items:

Internal Balances	Amount
Outstanding Advances to/from balances between Governmental and Business-Type Activities	\$ 3,159,262
Amount owed by Business-Type Activities for internal service fund activities	(454,642)
Total	\$ 2,704,620

Fund Financial Statements

Due to/from Other Funds

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

Receivable Fund	Payable Fund	Amount
General Fund	Nonmajor Governmental	\$ 1,859,902
Housing Special Revenue Fund	Nonmajor Governmental	209,832
	Total	\$ 2,069,734

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

Advances to/from Other Funds

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

Receivable Fund	Payable Fund	Amount
General Fund	Wastewater Management	\$ 3,159,262

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 10 – INTERNAL BALANCES/INTERFUND BALANCES, Continued

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

During the fiscal year ended June 30, 1981, the General Fund advanced to the Wastewater Management Fund \$10,700,000 for the purpose of remodeling the primary facilities of the wastewater treatment plant and expanding the plant capacity from 22.5 million gallons per day to 29.5 million gallons per day. During fiscal year 1996, the General Fund advanced an additional \$2,453,635 to the Wastewater Management Fund for cash flow purposes. Starting from fiscal year 2018, the interest rate charged to the Wastewater Management Fund on advances reduces from 7% to rates ranging from 1.25% to 3%. During the current fiscal year, repayment of \$949,615 was made to the General Fund. Annual repayments are budgeted as follows: \$949,615 annually from fiscal year 2025 to fiscal year 2027, and \$517,050 in fiscal year 2028 to pay off the remaining balance. At June 30, 2024, total loan balance was \$3,159,262.

During fiscal years ended June 30, 1985, 1988 and 1989, the General Fund advanced to the Solid Waste Management Fund a total of \$3,680,000 to construct and operate a system to convert methane gas to a marketable form of energy. Between fiscal years 1995 and 1999, the General Fund advanced a total of \$10,505,152 to the Solid Waste Management Fund for the purpose of stabilizing the rates charged to utility customers in the long run. Starting from fiscal year 2018, the interest rate charged to the Solid Waste Management Fund on advances reduces from 7% to rates ranging from 1.25% to 3%. During the current fiscal year, repayment of \$3,048,004 was made to the General Fund. The loan was paid off as of June 30, 2024.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 11 – CAPITAL ASSETS

Modified Approach for Street Pavement System

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

Donated Capital Assets

During this fiscal year, the City received developers’ capital asset contributions with estimated acquisition value approximating \$3.5 million for governmental activities and \$1.3 million for business-type activities.

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2024</u>
Nondepreciable Assets:					
Land	\$ 194,323,600	\$ 11,718,858	\$ -	\$ -	\$ 206,042,458
Construction in Progress	101,755,987	13,271,663	-	(94,515,580)	20,512,070
Infrastructure - Streets	180,531,016	1,821,200	-	-	182,352,216
Total Nondepreciable Assets	<u>476,610,603</u>	<u>26,811,721</u>	<u>-</u>	<u>(94,515,580)</u>	<u>408,906,744</u>
Depreciable Assets:					
Buildings and Structures	262,443,514	4,276,382	-	7,046,705	273,766,601
Improvements Other than Buildings	195,840,026	13,319,884	-	70,010,960	279,170,870
Machinery and Equipment	58,776,065	4,751,643	(1,161,648)	16,330,855	78,696,915
Infrastructure	110,752,316	1,534,096	-	1,127,060	113,413,472
Total Depreciable Assets	<u>627,811,921</u>	<u>23,882,005</u>	<u>(1,161,648)</u>	<u>94,515,580</u>	<u>745,047,858</u>
Accumulated Depreciation:					
Buildings and Structures	(62,379,168)	(5,668,230)	-	-	(68,047,398)
Improvements Other than Buildings	(76,117,749)	(6,190,813)	-	-	(82,308,562)
Machinery and Equipment	(37,439,096)	(3,761,301)	994,080	-	(40,206,317)
Infrastructure	(73,257,833)	(2,312,931)	-	-	(75,570,764)
Total Accumulated Depreciation	<u>(249,193,846)</u>	<u>(17,933,275)</u>	<u>994,080</u>	<u>-</u>	<u>(266,133,041)</u>
Depreciable Assets, Net	<u>378,618,075</u>	<u>5,948,730</u>	<u>(167,568)</u>	<u>94,515,580</u>	<u>478,914,817</u>
Amortized Assets:					
Intangible right-to-use Subscription	6,684,880	195,309	-	-	6,880,189
Accumulated Amortization	(1,463,892)	(1,478,915)	-	-	(2,942,807)
Amortized Assets, Net	<u>5,220,988</u>	<u>(1,283,606)</u>	<u>-</u>	<u>-</u>	<u>3,937,382</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 860,449,666</u>	<u>\$ 31,476,845</u>	<u>\$ (167,568)</u>	<u>\$ -</u>	<u>\$ 891,758,943</u>

During the year ended June 30, 2024, the City’s governmental activities expended \$13.3 million for construction in progress including \$6.7 million for various bike lane, traffic signal and road improvements.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 11 – CAPITAL ASSETS, Continued

Governmental activities’ depreciation expense for capital assets for the year ended June 30, 2024, are as follows:

Public Safety	\$ 699,223
Planning and Management	52,438
Community Development	2,237,785
Public Works	10,568,733
Environmental Services	215,133
Library and Recreation Services	1,051,716
Internal Service Funds	4,587,162
Total Depreciation/Amortization Expense	\$ 19,412,190

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

	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Retirements</u>	<u>Transfers</u>	<u>Balance</u> <u>June 30, 2024</u>
Nondepreciable Assets:					
Land	\$ 16,469,169	\$ -	\$ -	\$ -	\$ 16,469,169
Construction in Progress	230,062,465	60,289,253	-	-	290,351,718
Total Nondepreciable Assets	<u>246,531,634</u>	<u>60,289,253</u>	<u>-</u>	<u>-</u>	<u>306,820,887</u>
Depreciable Assets:					
Buildings and Structures	23,437,545	-	-	-	23,437,545
Improvements Other than Buildings	48,776,210	-	-	-	48,776,210
Machinery and Equipment	8,577,208	78,663	(141,094)	-	8,514,777
Infrastructure	233,584,823	1,314,500	-	-	234,899,323
Total Depreciable Assets	<u>314,375,786</u>	<u>1,393,163</u>	<u>(141,094)</u>	<u>-</u>	<u>315,627,855</u>
Accumulated Depreciation:					
Buildings and Structures	(22,942,211)	(67,908)	-	-	(23,010,119)
Improvements Other than Buildings	(42,984,191)	(501,157)	-	-	(43,485,348)
Machinery and Equipment	(6,929,332)	(217,294)	141,094	-	(7,005,532)
Infrastructure	(117,589,312)	(6,184,360)	-	-	(123,773,672)
Total Accumulated Depreciation	<u>(190,445,046)</u>	<u>(6,970,719)</u>	<u>141,094</u>	<u>-</u>	<u>(197,274,671)</u>
Depreciable Assets, Net	<u>123,930,740</u>	<u>(5,577,556)</u>	<u>-</u>	<u>-</u>	<u>118,353,184</u>
Amortized Assets:					
Intangible right-to-use Assets					
Land	514,662	-	-	-	514,662
Machinery and Equipment	387,428	-	-	-	387,428
Accumulated Amortization					-
Land	(131,403)	(65,701)	-	-	(197,104)
Machinery and Equipment	(83,943)	(77,486)	-	-	(161,429)
Amortized Assets, Net	<u>686,744</u>	<u>(143,187)</u>	<u>-</u>	<u>-</u>	<u>543,557</u>
Total Business-Type Activities					
Capital Assets, Net	<u>\$ 371,149,118</u>	<u>\$ 54,568,510</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 425,717,628</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 11 – CAPITAL ASSETS, Continued

During the year ended June 30, 2024, the City’s business-type activities expended \$57.8 million for construction in progress including \$54.9 million incurred by the Wastewater Management Enterprise Fund primarily for the construction of new primary treatment facilities at the Water Pollution Control Plant.

Business-type activities depreciation and amortization expenses for capital assets for the year ended June 30, 2024, are as follows:

Water Supply and Distribution	\$ 3,006,451
Wastewater Management	3,539,854
Solid Waste Management	177,381
SMaRT Station	91,927
Development	3,161
Golf and Tennis Operations	295,132
Total Depreciation/Amortization Expense	<u>\$ 7,113,906</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 12 – NONCURRENT LIABILITIES

The following is a summary of changes in long-term liabilities during the fiscal year ended June 30, 2024:

Description	Beginning Balance, July 1, 2023	Additions	Reductions	Bond Amortization	Ending Balance, June 30, 2024	Amounts Due Within One Year	Amounts Due in More than One Year
Governmental Activities:							
Lease Financing/Certificates of Participation:							
2020 Civic Center Lease	\$ 149,170,436	\$ -	\$ (2,455,000)	\$ (625,059)	\$ 146,090,377	\$ 2,580,000	\$ 143,510,377
Other:							
Risk Management: Self Insurance and							
Contingent Liability	22,842,000	4,579,593	(4,102,593)	-	23,319,000	6,001,118	17,317,882
Subscriptions	4,952,393	180,309	(1,526,264)	-	3,606,438	1,544,495	2,061,943
Compensated Absences	21,854,147	16,558,033	(18,085,435)	-	20,326,745	15,195,350	5,131,395
Total Governmental Activities	\$ 198,818,976	\$ 21,317,935	\$ (26,169,292)	\$ (625,059)	\$ 193,342,560	\$ 25,320,963	\$ 168,021,597
Business-Type Activities:							
Revenue Bonds:							
Water Nontaxable Series 2017A	\$ 13,303,999	\$ -	\$ -	\$ (77,254)	\$ 13,226,745	\$ -	\$ 13,226,745
Water Taxable Series 2017A-T	1,845,000	-	(575,000)	-	1,270,000	595,000	675,000
Wastewater Nontaxable Series 2017A	15,766,623	-	-	(103,380)	15,663,243	-	15,663,243
Wastewater Taxable Series 2017A-T	2,845,000	-	(1,285,000)	-	1,560,000	1,325,000	235,000
Debt from Direct Borrowings and Direct Placements:							
Clean Water State Revolving Fund	116,378,466	7,587,050	(3,174,034)	-	120,791,482	3,266,969	117,524,513
WIFIA Loan	12,896,579	10,359,425	-	-	23,256,004	-	23,256,004
Other:							
Service Concession Arrangement							
Maintenance Liability	1,224,433	-	(1,296)	-	1,223,137	157,824	1,065,313
Leases Liability (Note 14)	699,076	-	(134,320)	-	564,756	139,401	425,355
Landfill Postclosure							
Care Costs	7,392,329	1,151,060	(884,936)	-	7,658,453	1,143,962	6,514,491
Total Business-Type Activities	\$ 172,351,505	\$ 19,097,535	\$ (6,054,586)	\$ (180,634)	\$ 185,213,820	\$ 6,628,156	\$ 178,585,664

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 12 – NONCURRENT LIABILITIES, Continued

Bonded Debt Ratings

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

Bonded Debt	Outstanding Par Amount	Ratings	
		Moody's	S&P
2020 Civic Center Project, Lease Revenue Bonds	128,745,000	Aa1	AA+
Water Revenue Bonds, Nontaxable Series 2017A	12,010,000	Aa1	AA+
Water Revenue Bonds, Taxable Series 2017A-T	1,270,000	Aa1	AA+
Wastewater Revenue Bonds, Nontaxable Series 2017A	14,035,000	Aa1	AA+
Wastewater Revenue Bonds, Taxable Series 2017A-T	1,560,000	Aa1	AA+

Bonded Debt Obligations

Lease Revenue Bonds

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

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

The debt service requirements for the bonds at June 30, 2024 were as follows:

Year Ending June 30,	Principal	Interest	Total
2025	\$ 2,580,000	\$ 4,932,675	\$ 7,512,675
2026	2,680,000	4,829,475	7,509,475
2027	2,790,000	4,722,275	7,512,275
2028	2,900,000	4,610,675	7,510,675
2029	3,015,000	4,494,675	7,509,675
2030-2034	16,995,000	20,564,175	37,559,175
2035-2039	20,675,000	16,882,375	37,557,375
2040-2044	25,160,000	12,402,575	37,562,575
2045-2049	30,600,000	6,952,375	37,552,375
2050-2052	21,350,000	1,181,875	22,531,875
	<u>\$ 128,745,000</u>	<u>\$ 81,573,150</u>	<u>\$ 210,318,150</u>
Add Unamortized Premium	17,345,379	-	17,345,379
Total	<u>\$ 146,090,379</u>	<u>\$ 81,573,150</u>	<u>\$ 227,663,529</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 12 – NONCURRENT LIABILITIES, Continued

Revenue Bonds

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

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

The debt service requirements for the bonds at June 30, 2024 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	-	\$ 521,350	\$ 521,350
2026	-	521,350	521,350
2027	565,000	521,350	1,086,350
2028	660,000	493,100	1,153,100
2029	695,000	460,100	1,155,100
2030-2034	4,025,000	1,743,750	5,768,750
2035-2039	4,955,000	811,100	5,766,100
2040	1,110,000	44,400	1,154,400
	<u>12,010,000</u>	<u>5,116,500</u>	<u>17,126,500</u>
Add Unamortized Premium	1,216,745	-	1,216,745
Total	<u>\$ 13,226,745</u>	<u>\$ 5,116,500</u>	<u>\$ 18,343,245</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, 2024 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 595,000	\$ 39,729	\$ 634,729
2026	610,000	21,463	631,463
2027	65,000	2,126	67,126
	<u>\$ 1,270,000</u>	<u>\$ 63,318</u>	<u>\$ 1,333,318</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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, 2024 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ 632,000	\$ 632,000
2026	1,135,000	632,000	1,767,000
2027	1,435,000	575,250	2,010,250
2028	660,000	503,500	1,163,500
2029	695,000	470,500	1,165,500
2030-2034	4,015,000	1,796,500	5,811,500
2035-2039	4,980,000	836,200	5,816,200
2040	1,115,000	44,600	1,159,600
	<u>14,035,000</u>	<u>5,490,550</u>	<u>19,525,550</u>
Add Unamortized Premium	1,628,243	-	1,628,243
Total	<u>\$ 15,663,243</u>	<u>\$ 5,490,550</u>	<u>\$ 21,153,793</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, 2024 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,325,000	\$ 48,595	\$ 1,373,595
2026	235,000	7,520	242,520
	<u>\$ 1,560,000</u>	<u>\$ 56,115</u>	<u>\$ 1,616,115</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 12 – NONCURRENT LIABILITIES, Continued

Events of Default and Acceleration Clauses

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

Direct Borrowings and Placements of Debt

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

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

In April 2017, the City executed a loan agreement with the California State Water Resources Control Board (SWRCB) to secure \$127,068,522 in funding from the Clean Water State Revolving Fund (CWSRF) for the Water Pollution Control Plant Rehabilitation - Headworks and Primary Treatment Facilities Phase 1(A) Project. The first \$4 million requested was applied towards the contingent capitalization grant principal forgiveness funds and the amount was immediately forgiven. The term of this agreement is from December 9, 2016 to December 31, 2052. As of June 30, 2024, the City has drawn down \$118,279,618 and accrued unpaid interest of 5,685,898. The unused line of credit in the amount of \$4,788,904 was disencumbered and is no longer available to the City. The loan includes an interest rate of 1.7%, calculated from the date that loans are disbursed. Loan is amortized over a period of 30 years with payments due in annual installments ranging from \$3,174,034 to \$5,221,370 from December 31, 2024 to December 31, 2052. The final payment schedule was forwarded to the City after all loan disbursements were received and construction of the Headworks and Primary Treatment Facilities Phase 1(A) project was completed.

The debt service requirements for the loan at June 30, 2024 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 3,266,969	\$ 2,043,165	\$ 5,310,134
2026	3,312,217	1,997,917	5,310,134
2027	3,368,524	1,941,609	5,310,133
2028	3,425,789	1,884,344	5,310,133
2029	3,484,028	1,826,106	5,310,134
2030-2034	18,328,963	8,221,706	26,550,669
2035-2039	19,940,804	6,609,864	26,550,668
2040-2044	21,694,389	4,856,278	26,550,667
2045-2049	23,602,184	2,948,485	26,550,669
2050-2053	20,367,615	872,918	21,240,533
Total	<u>\$ 120,791,482</u>	<u>\$ 33,202,392</u>	<u>\$ 153,993,874</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 12 – NONCURRENT LIABILITIES, Continued

Direct Borrowings and Placements of Debt

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

The City executed a Water Infrastructure Finance Innovation Act (WIFIA) loan agreement with the U.S. Environmental Protection Agency (EPA) up to the amount of \$220,638,995. The WIFIA loan will fund the rehabilitation of the City of Sunnyvale Water Pollution Control Plant existing facilities, construction of new secondary treatment facilities, and reconstruction of support facilities that are necessary to operate the plant. The WIFIA loan allowed the City either to draw down funds of construction or, if economically feasible, issue lower cost bond anticipation notes. The loan has an annual interest rate of 1.56% and a term of 35 years after the completion of the construction period. The interest amount will be capitalized during the construction period. The WIFIA loan payments will be made in semi-annual installments, commencing on October 1, 2054, with final maturity on October 1, 2059. At June 30, 2024, the outstanding loan balance is \$23,256,004.

The debt service requirements for the loan at June 30, 2024 were as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ -	\$ -	\$ -
2026	-	-	-
2027	-	-	-
2028	-	-	-
2029	-	-	-
2030-2034	-	1,813,970	1,813,970
2035-2039	-	1,813,970	1,813,970
2040-2044	-	1,813,970	1,813,970
2045-2049	-	1,813,970	1,813,970
2050-2054	1,856,260	1,813,970	3,670,230
2055-2059	19,377,858	998,705	20,376,563
2060	2,021,886	15,771	2,037,657
Total	<u>\$ 23,256,004</u>	<u>\$ 10,084,326</u>	<u>\$ 33,340,330</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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, 2024 by activity are listed below:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 2,580,000	\$ 4,932,675	\$ 5,186,969	\$ 3,284,839
2026	2,680,000	4,829,475	5,292,217	3,180,250
2027	2,790,000	4,722,275	5,433,524	3,040,335
2028	2,900,000	4,610,675	4,745,789	2,880,944
2029	3,015,000	4,494,675	4,874,028	2,756,706
2030-2034	16,995,000	20,564,175	26,368,963	13,575,926
2035-2039	20,675,000	16,882,375	29,875,804	10,071,134
2040-2044	25,160,000	12,402,575	23,919,389	6,759,248
2045-2049	30,600,000	6,952,375	23,602,184	4,762,455
2050-2054	21,350,000	1,181,875	22,223,875	2,686,888
2055-2059	-	-	19,377,858	998,705
2060	-	-	2,021,886	15,771
Subtotal	128,745,000	81,573,150	172,922,486	54,013,201
Add Unamortized Premium	17,345,378	-	2,844,988	-
Total	<u>\$ 146,090,378</u>	<u>\$ 81,573,150</u>	<u>\$ 175,767,474</u>	<u>\$ 54,013,201</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 12 – NONCURRENT LIABILITIES, Continued

Subscription-Based Information Technology Arrangements

In fiscal year 2023, the City implemented the provisions of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which required the City to record an intangible right-to-use subscription asset. As a result, a right-to-use subscription asset was recorded in the amount of \$6,880,190. As of June 30, 2024, the City has recorded a net intangible right-to use subscription asset amounting to \$3,937,383, with accumulated amortization of \$2,942,807. The subscription asset is offset with a subscription liability as discussed in Note 1.

A summary of subscription-based information technology arrangements (SBITA) transactions for the fiscal year ended June 30, 2024, are as follows:

Subscription Liabilities	Balance July 1, 2023	Additions	Retirements	Balance June 30, 2024	Current Portion
Library BiblioCommons SAAS product	\$ 127,332	\$ -	\$ (29,080)	\$ 98,252	\$ 30,822
Teller POS system	287,137	-	(40,924)	246,213	43,536
Utility Billing Software	106,932	-	(106,932)	-	-
Oracle Fusion	2,006,180	-	(379,424)	1,626,756	390,029
govAccess	159,036	-	(35,438)	123,598	38,209
Sierra Cloud	119,687	-	(57,669)	62,018	62,018
Energov permitting system	497,929	-	(246,129)	251,800	251,800
Microsoft 365	1,225,992	-	(582,847)	643,145	643,145
FileOnQ	-	180,309	-	180,309	35,777
Laserfiche Electronic Records Management System	422,168	-	(47,822)	374,346	49,158
Total	<u>\$ 4,952,393</u>	<u>\$ 180,309</u>	<u>\$ (1,526,264)</u>	<u>\$ 3,606,438</u>	<u>\$ 1,544,495</u>

At June 30, 2024, the subscription liabilities balance was \$3,606,438. The annual debt service requirement for subscription liabilities is as follows:

Fiscal Year Ending June 30,	Governmental Activities		
	Principal	Interest	Total
2025	1,544,495	94,759	\$ 1,639,254
2026	605,413	57,112	662,525
2027	626,918	40,442	667,360
2028	566,022	23,189	589,211
2029	149,165	7,368	156,533
2030-2034	114,424	4,820	119,244
Total	<u>\$ 3,606,438</u>	<u>\$ 227,690</u>	<u>\$ 3,834,127</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 12 – NONCURRENT LIABILITIES, Continued

Significant Subscription Arrangements

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

As of June 30, 2024, the value of the subscription liability was \$1,626,756. The City is required to make annual principal and interest payments throughout the life of the subscription. The subscription has an annual interest rate of 2.81%. As part of the subscription, the City has recorded an intangible right to use subscription asset and accumulated amortization as disclosed in Note 11.

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

As of June 30, 2024, the value of the subscription liability was \$643,145. The City is required to make annual principal and interest payments throughout the life of the subscription. The subscription has an annual interest rate of 2.61%. As part of the subscription, the City has recorded an intangible right to use subscription asset and accumulated amortization as disclosed in Note 11.

Risk Management

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

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 12 – NONCURRENT LIABILITIES, Continued

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

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

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

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 12 – NONCURRENT LIABILITIES, Continued

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

	<u>2024</u>	<u>2023</u>
General:		
Liability at beginning of fiscal year	\$ 2,845,000	\$ 3,358,000
Claims paid	(1,315,091)	(1,350,527)
Current fiscal year claims and changes in estimated liability	<u>2,072,091</u>	<u>837,527</u>
Liability at end of fiscal year	<u>\$ 3,602,000</u>	<u>\$ 2,845,000</u>
Workers' Compensation:		
Liability at beginning of fiscal year	\$ 19,997,000	\$ 19,510,000
Claims paid	(2,787,502)	(2,833,632)
Current fiscal year claims and changes in estimated liability	<u>2,507,502</u>	<u>3,320,632</u>
Liability at end of fiscal year	<u>\$ 19,717,000</u>	<u>\$ 19,997,000</u>
Total Estimated Claims Payable	<u>\$ 23,319,000</u>	<u>\$ 22,842,000</u>

Since the loss and the loss adjustment expense payments associated with the claims liabilities will be spread over several years, the liabilities are discounted to reflect anticipated investment on assets set aside to pay these costs. The claims liabilities are reported at present value, which have been computed using a discount rate of 4.0% through 2033, and 3.5% for 2034 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, 2024 was \$20,326,745. General Fund, Special Revenue Funds, and Capital Project Funds contribute to liquidate their portion of the compensated absence liability.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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 guaranteed requirement was for 30 years. The City’s FAM is structured as a “pledge of revenue” that commits future solid waste rate revenues to guarantee the City’s financial ability to manage the landfill in compliance with air and water quality laws and regulations.

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

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

At June 30, 2024, liability in the amount of \$7,658,453 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, 2024. However, the actual cost of postclosure care and corrective action may be higher or lower due to inflation, changes in technology, or changes in landfill laws and regulations.

Non-City Obligations

Community Facilities District

On May 16, 2001, the City issued \$36,000,000 of Special Tax Bonds pursuant to the Mello-Roos Community Facilities Act of 1982, as amended, on behalf of Community Facilities District No. 1 (CFD No. 1). The CFD No. 1 bonds bear interest at 7.65% to 7.75% and mature August 1, 2032. Neither the City’s General Fund nor the full faith and credit of the City is pledged for the payment of principal or interest on the CFD No. 1 Bonds. The CFD No. 1 Bonds will be repaid solely from the proceeds of a special tax levied upon all taxable real property in CFD No. 1. The bonds are secured by special taxes on the Sunnyvale Town Center Mall property. The proceeds of the bonds were to be used to finance certain public improvements, primarily two new parking garages. The principal balance of outstanding bonds was \$11,015,000 at June 30, 2024.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 13 – PLEDGED REVENUES

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

Description	2017A Water Revenue Bonds	2017A-T Water Revenue Bonds	2017A Wastewater Revenue Bonds	2017A-T Wastewater Revenue Bonds	2017 State Revolving Fund Loan	2020 WIFIA Loan
Net revenue ¹ pledged	Net revenues of the City's Water System	Net revenues of the City's Water System	Net revenues of the City's Wastewater System	Net revenues of the City's Wastewater System	Net revenues of the City's Wastewater System	Net revenues of the City's Wastewater System
Term of commitment	Until 4/1/2040	Until 4/1/2027	Until 4/1/2040	Until 4/1/2026	Until 12/31/2052	Until 10/1/2059
Purpose of the debt secured by the pledge	To advance refund the 2010 Water Revenue Bonds.	To advance refund the 2010 Water Revenue Bonds.	To advance refund the 2010 Wastewater Revenue Bonds.	To advance refund the 2010 Wastewater Revenue Bonds.	Water Pollution Control Plant Rehabilitation - Headworks and Primary Treatment Facilities Phase 1(A) Project	Water Pollution Control Plant Rehabilitation - Sunnyvale Cleanwater Program Phase 2
Amount of the pledge (remaining debt service principal and interest)	\$17,126,500	\$1,333,317	\$19,525,550	\$1,616,115	\$153,993,875	\$220,638,995 ³
Pledged revenues recognized during the period (net of operating expenses and operating transfers, also excluding depreciation and interest expense)	\$5,638,313		\$22,269,707			\$0
Debt service-principal and interest-paid during the period ²	\$521,350	\$632,152	\$632,000	\$1,372,916	\$5,251,439	\$0

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

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

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

³ For the 2020 WIFIA Loan, see Note 15 for details. Amount represents approved loan amount. The City drew \$23,256,004 as of June 30, 2024

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 14 – LEASES

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

City as Lessor

As a lessor, the City entered into lease agreements with lease terms ranging from 3 to 90 years. Most leases include periodic adjustments to the lease amount at determined intervals. For the year ended June 30, 2024, the City received an immaterial amount of variable and other payments from the lease arrangements.

Information about lease revenues and interest revenues recognized during the year ended June 30, 2024, as well as lease receivable and lease related deferred inflows of resources as of June 30, 2024 are as follows:

	General Fund	City Projects	Governmental Activities
Lease revenue for the year	\$ 431,863	\$ 364,885	\$ 796,748
Lease interest revenue for the year	41,009	57,883	98,892
Lease receivable at year end	2,499,056	1,872,755	4,371,811
Deferred inflow of resources at year end	8,856,180	1,824,425	10,680,605
	Solid Waste Management	Golf and Tennis Operations	Business-Type Activities
Lease revenue for the year	\$ 193,052	\$ 146,200	\$ 339,252
Lease interest revenue for the year	72,501	22,993	95,494
Lease receivable at year end	4,227,226	1,072,956	5,300,182
Deferred inflow of resources at year end	4,134,529	992,259	5,126,788

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

Fiscal Year Ending	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
June 30,						
2025	\$ 670,661	\$ 85,308	\$ 755,969	\$ 218,843	\$ 87,604	\$ 306,447
2026	639,877	71,351	711,228	225,688	83,887	309,575
2027	540,348	58,045	598,393	232,683	80,055	312,738
2028	549,068	44,855	593,924	239,831	76,105	315,936
2029	524,045	31,545	555,590	247,136	72,034	319,170
2030-2034	770,567	91,344	861,911	1,351,001	294,686	1,645,687
2035-2039	638,458	22,611	661,070	1,281,993	182,094	1,464,087
2040-2044	38,786	438	39,224	1,174,038	76,048	1,250,086
2045-2049	-	-	-	328,969	4,160	333,130
Total	\$ 4,371,811	\$ 405,497	\$ 4,777,308	\$ 5,300,182	\$ 956,673	\$ 6,256,855

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 14 – LEASES, Continued

City as Lessee – Business type Activities

On June 1, 2022, the City, as a lessee, entered into a lease agreement with a lease term of 5 years for 80 electric golf carts. The City also entered into a lease agreement with a lease term of 7 years and 10 months for 35.4 acres of land (Sunnyvale Golf Course located at Moffett Field). The intangible right-to-use assets are amortized on a straight-line basis. At June 30, 2024, the intangible right-to-use assets balance was \$543,557.

At June 30, 2024, the lease liabilities balance was \$564,756. The annual debt service requirement for lease liabilities is as follows:

Fiscal Year Ending June 30,	Business-Type Activities		
	Principal	Interest	Total
2025	139,401	14,953	154,354
2026	144,666	10,373	155,039
2027	142,962	5,609	148,572
2028	67,853	2,672	70,525
2029	69,874	1,356	71,231
Total	\$ 564,756	\$ 34,964	\$ 599,721

Significant Lease Arrangements

On December 1, 2015, the City, as a lessor, entered into a 30 year lease with Stevens Creek Quarry, Inc. to operate a concrete and asphalt recycling facility at a portion of the Sunnyvale Landfill. The lease provides for annual rent adjustments to reflect changes in the San Francisco/Oakland/San Jose Metropolitan Area Consumer Price Index. As of June 30, 2024 the lease receivable for the Stevens Creek Quarry lease was recorded in the Solid Waste Management Fund in the amount of \$4,227,226.

On June 26, 2013, the City, as a lessor, entered into a 90 year ground lease contract with Midpen Housing Corporation and Charities Housing Development (Tenants) for the Armory site. The site was used to develop and operate an affordable housing complex. The City currently monitors the Tenant’s operations to ensure compliance with the City’s affordable housing program requirements, which is to continue throughout the term of the ground lease. At the inception of the lease, the City received a lump sum lease payment in the amount of \$7.4 million for the entire term of the lease from the Tenants. The lease payment received in advance is amortized over the life of the lease. The City recognized \$82,222 annually. As of June 30, 2024, the lease receivable and deferred inflow of resources for the Armory site was \$0 and \$6,536,669 in the General Fund, respectively.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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 2023/24, the City paid surcharges (proportional to the amount of water purchased) in the amount of \$1,459,448.

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, 2024

NOTE 15 – COMMITMENTS, Continued

Outstanding Construction Commitments

At June 30, 2024, the City had outstanding construction commitments for the following projects:

Governmental Activities:

Description	Contract	Unpaid
Civic Center Modernization Phase I	\$ 191,960,000	\$ 204,200
Lakewood Branch Library and Learning Center	23,178,824	23,178,824
Pavement Rehabilitation 2023	5,078,120	3,066,137
SNAIL Neighborhood Improvements	3,890,821	3,832,383
Peery Park Area Transportation Improvements	3,782,663	3,782,663
Playground Equipment Replacement 2022	3,294,117	1,736,045
Sidewalk, Curb Gutter & Driveway 2024	2,989,550	2,040,336
East Sunnyvale Area Sense of Place	2,899,710	1,556,439
Safe Routes To School	2,777,172	1,060,868
Wolfe Road Pavement Rehabilitation	2,562,341	2,562,341
DPS Emergency Generator Replacement	2,095,507	2,095,507
Bicycle Pedestrian and Safe Routes	1,899,843	1,801,422
Traffic Signal Hardware & Wiring	1,798,947	1,798,947
Upgrade Fuel Tanks @ Corp Yard	997,850	324,053
Slurry Seal 2024	781,840	781,840
Preschool Outdoor Play Area-Serra Park	284,527	284,527
	<u>\$ 250,271,832</u>	<u>\$ 50,106,532</u>

Business-Type Activities:

Description	Contract	Unpaid
WPCP Secondary Treatment & Dewatering	\$ 277,872,751	\$ 232,787,054
Primary Treatment Facility Pkge 2 - Reconstruct WPCP	108,129,797	203,209
WPCP Existing Plant Rehabilitation	64,390,000	54,740,565
SCWP - 2.2.1 Site Preparation Package	27,475,000	14,168,097
Citywide Waterline Replacement (Maude & San Aleso)	5,249,820	5,249,820
	<u>\$ 483,117,368</u>	<u>\$ 307,148,745</u>

WIFIA Loan Agreement with the US Environmental Protection Agency

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 15 – COMMITMENTS, Continued

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.

Loan Agreement with State Water Resources Control Board Dated September 2022

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

In January 2023, the City executed a loan agreement with SWRCB to secure \$287,800,000 in funding from the CWSRF for the Water Pollution Control Plant Rehabilitation — Secondary Treatment and Dewatering Facility Project. California's Clean Water State Revolving Fund (SRF) is capitalized through a variety of funding sources, including grants from the EPA, State matching funds, revenue bond proceeds, loan repayments and fund earnings. The City draws down the SRF loan on a cost reimbursement basis.

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

- The City will establish and maintain rates and charges sufficient to generate revenues in the amount necessary to cover operations and maintenance costs and ensure that net revenues are equal to at least 1.20 times the maximum annual debt service during the term of the Agreement.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 15 – COMMITMENTS, Continued

- This Agreement is on parity to the Wastewater Revenue Bonds, Series 2010 (refunded by the Wastewater Revenue Bonds, Series 2017A and Series 2017 A-T in December 2017), The 2016 Installment Sale Agreement with State Water Resources Control Board (Headworks and Primary Treatment Project No. C-06-8153-110, Agreement No. D16-01024) and the 2020 WIFIA Loan Agreement, Sunnyvale Cleanwater Program Phase 2 (WIFIA-N18121CA). Issuance of additional parity debt requires the net revenues in the most recent fiscal year to be a minimum of 1.20 times the maximum annual debt service for existing and proposed additional debt.
- The City agrees to maintain a restricted reserve fund equal to one year's debt service, based on a projected annual amount of \$12,149,989, prior to the completion of construction and during the full term of this Agreement.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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, 2024, the required employer contribution rates for miscellaneous and safety plans were 36.22% and 65.56%, respectively.

Employees Covered - At June 30, 2023, the most recent information available, the following employees were covered by the benefit terms:

	<u>Miscellaneous</u>	<u>Safety</u>	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	1,248	441	1,689
Inactive employees entitled to but not yet receiving benefits	969	68	1,037
Active employees	683	208	891
	<u>2,900</u>	<u>717</u>	<u>3,617</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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, 2023 (the measurement date of the net pension liability reported for fiscal year ended June 30, 2024), the City made EPMC (employer paid member contributions) of 4% for miscellaneous employees in the first and second tiers and 6% for safety employees in the first and second tiers. The City also picked up the additional 2.25% cost of funding the “single highest year” retirement benefit cost on behalf of the first- and second-tier safety employees.

In July 2018, the City established a Section 115 irrevocable trust (Trust) to set aside funds to address pension funding needs in the long term. The Trust is owned and monitored by the City but externally managed by investment professionals. The Trust allows the City to have full control and flexibility on use of trust assets as a budget stabilization tool to fund pension contributions in the future years. The Trust also has an increased flexibility in investment allocations compared to City’s portfolio which is restricted by State regulations and the City Investment Policy. The Trust is not associated with CalPERS in any way. As of June 30, 2024, the City reported the account balance of \$21,215,354 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, 2022; measurement date of June 30, 2023, and measurement period of July 1, 2022 to June 30, 2023.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 16 – PENSION PLANS, Continued

At June 30, 2024, the government-wide financial statements reported net pension liability as follows:

	Governmental	Business-Type
	Activities	Activities
Miscellaneous Plan	\$ 160,220,731	\$ 67,955,615
Safety Plan	240,300,229	-
Total Net Pension Liability	<u>\$ 400,520,960</u>	<u>\$ 67,955,615</u>

Actuarial Methods and Assumptions Used to Determine Total Pension Liability

The June 30, 2022 valuation was rolled forward to determine the June 30, 2023 total pension liability using standard update procedures based on the following actuarial methods and assumptions:

	Miscellaneous and Safety
Actuarial Cost Method	Entry age normal
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table ¹	Derived using CalPERS' membership data for all funds.
Post Retirement Benefit Increase	The lesser of Contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on purchasing power applies, 2.30% thereafter

¹ The mortality table used was developed based on CalPERS' specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study and Review of Actuarial Assumptions. Mortality rates incorporate full generational mortality improvements using 80 percent of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the 2021 CalPERS Experience Study available on the CalPERS website.

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

Discount Rate – The discount rate used to measure the total pension liability was 6.90% for each Plan. The projection of cash flows used to determine the discount rate assumed that the contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 16 – PENSION PLANS, Continued

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds’ asset classes, expected compound geometric returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 Basis points.

The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The long-term expected real rate of return by asset class and the target allocation adopted by the CalPERS Board effective on July 1, 2021, are as follows:

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

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

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

On November 17, 2021, the CalPERS Board adopted a new strategic asset allocation. The new asset allocation along with the new capital market assumptions, economic assumptions and administrative expenses assumption support a discount rate of 6.90% (net of investment expenses but without a reduction for administrative expense) for financial reporting purposes. This includes a reduction in the price inflation assumption from 2.50% to 2.30% as recommended in the November 2021 CalPERS Experience Study and Review of Actuarial Assumptions. This study also recommended modifications to retirement rates, termination rates, mortality rates and rates of salary increases that were adopted by the CalPERS Board. These new assumptions are reflected in the accounting valuation reports for the June 30, 2023 measurement date.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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, 2023

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at June 30, 2022	\$ 737,135,311	\$ 519,189,301	\$ 217,946,010
Changes Recognized for the Measurement Period:			
Service Cost	13,410,339	-	13,410,339
Interest on the Total Pension Liability	50,703,226	-	50,703,226
Changes of Benefit Terms	740,450		740,450
Differences between Expected and Actual Experience	9,311,533	-	9,311,533
Contributions - Employer	-	26,236,864	(26,236,864)
Contributions - Employee	-	5,887,281	(5,887,281)
Net Investment Income	-	32,192,854	(32,192,854)
Benefit Payments, including Refunds of Employee Contributions	(38,126,202)	(38,126,202)	-
Administrative Expenses	-	(381,787)	381,787
Net Changes	36,039,346	25,809,010	10,230,336
Balances at June 30, 2023	\$ 773,174,657	\$ 544,998,311	\$ 228,176,346

Pension Results, Provided by the Safety Plan
For the Measurement Date of June 30, 2023

	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
Balances at June 30, 2022	\$ 687,048,515	\$ 458,640,393	\$ 228,408,122
Changes Recognized for the Measurement Period:			
Service Cost	12,575,702	-	12,575,702
Interest on the Total Pension Liability	47,126,640	-	47,126,640
Changes of Benefit Terms	209,174	-	209,174
Differences between Expected and Actual Experience	8,121,808	-	8,121,808
Contributions - Employer	-	24,219,015	(24,219,015)
Contributions - Employee	-	3,943,035	(3,943,035)
Net Investment Income	-	28,316,430	(28,316,430)
Benefit Payments, including Refunds of Employee Contributions	(37,345,166)	(37,345,166)	-
Administrative Expenses	-	(337,263)	337,263
Net Changes	30,688,158	18,796,051	11,892,107
Balances at June 30, 2023	\$ 717,736,673	\$ 477,436,444	\$ 240,300,229
Total balance at June 30, 2023 including Miscellaneous and Safety	\$ 1,490,911,330	\$ 1,022,434,755	\$ 468,476,575

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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 6.90%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.90%) or 1-percentage-point higher (7.90%) than the current rate:

Net Pension Liability	Discount Rate -1% (5.90%)	Current Discount Rate (6.90%)	Discount Rate +1% (7.90%)
Miscellaneous Plan	\$ 328,727,980	\$ 228,176,346	\$ 145,216,189
Safety Plan	335,970,290	240,300,229	161,838,837

Pension Plan Fiduciary Net Position

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

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 16 – PENSION PLANS, Continued

For the measurement period ended June 30, 2023, the City recognized total pension expense of \$79,988,217, including \$41,896,197 for Miscellaneous Plan and \$38,092,020 for Safety Plan.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Miscellaneous Plan:		
Employer Contributions Subsequent to Measurement Date	\$ 30,352,983	\$ -
Changes of Assumptions	4,344,601	-
Differences between Expected and Actual Experiences	5,828,354	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	24,725,588	-
Total Miscellaneous Plan	<u>\$ 65,251,526</u>	<u>\$ -</u>
Safety Plan:		
Employer Contributions Subsequent to Measurement Date	\$ 28,412,102	\$ -
Changes of Assumptions	9,123,416	-
Differences between Expected and Actual Experiences	5,660,654	(491,796)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	21,802,167	-
Total Safety Plan	<u>\$ 64,998,339</u>	<u>\$ (491,796)</u>
All Plans	<u>\$ 130,249,865</u>	<u>\$ (491,796)</u>

The total amount of \$58,765,085 (\$30,352,983 for Miscellaneous Plan and \$28,412,102 for Safety Plan), reported as deferred outflows of resources related to contributions subsequent to the measurement date, will be recognized as a reduction of net pension liability for the year ending June 30, 2025.

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

Fiscal Year Ended June 30,	Miscellaneous Plan	Safty Plan
2025	\$ 12,767,526	\$ 12,952,585
2026	4,420,823	6,661,968
2027	17,037,535	15,885,537
2028	672,659	594,351
	<u>\$ 34,898,543</u>	<u>\$ 36,094,441</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB)

A. General Information about the OPEB Plan

Plan Description

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

The measurement date of the net OPEB liability presented in the City’s current year financial statements was as of June 30, 2023. The Plan’s stand-alone financial report for the fiscal year ended June 30, 2023, 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, 2023 (the measurement period of the net OPEB liability), the City provided a retiree healthcare stipend equal to the lesser of the medical premium or a dollar limit that varies by employee group (\$615 for SEIU, \$467 for PSOA, \$473 for COA, and \$1,108 for SEA/Confidential/Management per month at June 30, 2024). 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, 2024, the monthly City contribution of \$157 represents the PEMHCA required minimum employer contribution amount.

Employees Covered - At June 30, 2023, the most recent information available, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	890
Inactive employees entitled to but not yet receiving benefits	114
Active employees	902
	<hr/>
	1,906
	<hr/>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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, 2023, aside from the implied subsidy of \$2,019,000, the City pre-funded \$3,086,000 to the Trust while contributing \$6,733,352 outside of Trust on a pay-as-you-go basis for current benefit payments and PEMHCA administration expenses for a total contribution of \$11,838,352. These City contributions are separately identified line items in the City Employee Payroll & Benefits Internal Service Fund’s long-term financial plan, an integral part of the City’s annually adopted budget.

B. Net OPEB Liability

The City’s net OPEB liability is measured as the total OPEB liability less the Plan’s fiduciary net position. For this report, the following timeframes are used: valuation date of June 30, 2022; measurement date of June 30, 2023, and measurement period of July 1, 2022 to June 30, 2023.

At June 30, 2024, the government-wide financial statements reported net OPEB liability as follows:

	Amount
Governmental Activities	\$ 31,079,829
Business-Type Activities	6,712,769
Total Net OPEB Liability	<u>\$ 37,792,598</u>

Significant Assumptions and Other Inputs Used to determine Total OPEB Liability

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan participants to that point. No significant changes in benefits, the covered population or other factors affecting the valuation results have occurred after the June 30, 2022, actuarial valuation.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

The June 30, 2022 valuation was rolled forward to determine the June 30, 2023 total OPEB liability using standard update procedures based on the following actuarial methods and assumptions:

Valuation Date	June 30, 2022
Actuarial Cost Method	Entry age normal
Amortization Method	Level percentage of payroll
Implied Subsidy	Implied subsidy included for non-Medicare eligible retirees (projected benefit payments are based on claim cost or age-adjusted premiums approximating claim costs)
Actuarial Assumptions:	
Discount Rate	5.50% - full actuarially determined contribution funding
Expected Long-Term Rate of Return	5.50%, net of plan investment expenses, including inflation
Inflation	2.50% annually
Payroll Growth	2.75% annually, including inflation
Cap increase on benefit payments	Varies depending on bargaining unit
Medical Trend	8.5% annually decreasing to 3.45% for retirees not eligible for Medicare. 7.5% annually decreasing to 3.45 % for retirees eligible for Medicare (Non-Kaiser). 6.25% annually decreasing to 3.45% for retirees eligible for Medicare (Kaiser)
Mortality	Derived using CalPERS 2000-2019 Experience Study. Mortality Improvement Scale MP-2021

Discount Rate

The discount rate used to measure the total OPEB liability was 5.5%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

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

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

C. Changes in the Net OPEB Liability

Results Provided by the OPEB Plan
For the Measurement Date of June 30, 2023

	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balances at June 30, 2022	\$ 178,000,912	\$ 132,785,888	\$ 45,215,024
Changes Recognized for the Measurement Period:			
Service Cost	5,415,428	-	5,415,428
Interest on the Total OPEB Liability	9,847,964	-	9,847,964
Change of benefit terms	-	-	-
Actual vs Expected Experience	-	-	-
Changes of Assumptions	-	-	-
Contributions - Employer	-	11,838,353	(11,838,353)
Net Investment Income	-	10,874,893	(10,874,893)
Benefit Payments, including Refunds of Employee Contributions	(8,724,924)	(8,724,924)	-
Administrative Expenses	-	(27,428)	27,428
Net Changes	6,538,468	13,960,894	(7,422,426)
Balances at June 30, 2023	\$ 184,539,380	\$ 146,746,782	\$ 37,792,598

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

The following presents the net OPEB liability of the City, as well as what the City’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.5%) or 1-percentage-point higher (6.5%) than the current discount rate:

	Discount Rate -1% (4.5%)	Current Discount Rate (5.5%)	Discount Rate +1% (6.5%)
Net OPEB Liability	\$ 62,118,049	\$ 37,792,599	\$ 17,697,857

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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	\$ 14,411,371	\$ 37,792,599	\$ 66,610,389

OPEB Plan Fiduciary Net Position

Detailed information about the OPEB Plan’s fiduciary net position is available in the separately issued Sunnyvale Retiree Healthcare Plan Report for the year ended June 30, 2023 on the City’s website under Budget and Finance Documents.

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

Amortization of Deferred Outflows and Deferred Inflows of Resources

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

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

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

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

For the measurement period ended June 30, 2023, the City recognized total OPEB expense of \$2,810,919.

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 17 – OTHER POSTEMPLOYMENT BENEFITS (OPEB), Continued

At June 30, 2024, 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	\$ 12,214,312	\$ -
Change of Assumptions	3,331,003	-
Differences between Expected and Actual Experience	-	(17,042,894)
Net Difference between Projected and Actual Earnings on Pension Plan Investments	5,527,070	-
Total	<u>\$ 21,072,385</u>	<u>\$ (17,042,894)</u>

The amount of \$12,214,312, reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of net OPEB liability for the year ending June 30, 2025.

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

Fiscal Year Ended June 30,	Deferred Outflows/(Inflows) of Resources
2025	\$ (3,887,744)
2026	(3,510,435)
2027	1,896,853
2028	(2,683,495)
Total	<u>\$ (8,184,821)</u>

NOTE 18 – INTERFUND TRANSFERS

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 18 – INTERFUND TRANSFERS, Continued

Below is a summary of interfund transfers:

<u>Fund Receiving Transfers</u>	<u>Fund Making Transfers</u>	<u>Amount Transferred</u>	<u>Funding Purpose</u>
General Fund	Nonmajor Governmental	50,614	(3)
	Wastewater Management	1,984,950	(3)
	Solid Waste Management	1,340,303	(3)
	Housing Special Revenue	407,257	(1)
	Water Supply & Distribution	656,645	(1)
	Development Enterprise	2,530,951	(1)
	Golf Course	332,487	(1)
	SMaRT Station	437,478	(1)
	Internal Service Fund	4,732,455	(1)
	Subtotal - General Fund	12,473,140	
Infrastructure	General Fund	3,156,100	(1)
	Subtotal - Infrastructure	3,156,100	
Housing Special Revenue	Nonmajor Governmental	1,000,000	(3)
Nonmajor Governmental	Civic Center Capital Project	244,361	(4)
	General Fund	7,281,211	(2)
	Subtotal - Nonmajor Governmental	7,525,572	
Internal Service	General Fund	6,928,483	(1)
	City Projects	455,790	(1)
	Water Supply and Distribution	156,757	(1)
	Wastewater Management	381,169	(1)
	Internal Service - General Services	1,451,726	(1)
	Park Dedication Special Revenue	1,314,789	(1)
	Infrastructure	206,653	(1)
	SMaRT Station	186,192	
	Nonmajor Governmental	663,393	(1)
	Subtotal - Internal Service	11,744,952	
Golf and Tennis Operations	General Fund	2,135,000	(3)
Total Interfund Transfers		38,034,764	

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 19 – CLASSIFICATION OF NET POSITION AND FUND BALANCES

Government-Wide Financial Statements and Proprietary Fund Financial Statements

Net position is classified in the following categories:

Net Investment in Capital Assets

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

Restricted

The restricted component of net position represents restricted assets reduced by liabilities related to those assets. For governmental activities, this category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

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

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

Unrestricted

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

Governmental Fund Financial Statements

Spending Prioritization in Using Available Resources:

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

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

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

The following schedule presents details of fund balance components at June 30, 2024:

	Major Funds						Total
	General Fund	Housing Special Revenue	Park Dedication Special Revenue	City Projects	Infrastructure Renovation & Replacement	Nonmajor Governmental Funds	
Fund Balances:							
Nonspendable:							
Inventories and Prepaid Items	\$ 799,162	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 799,162
Long-term Receivables Net of	-	-	-	-	-	-	-
Deferred Inflow of Resources	523,947	-	-	-	-	-	523,947
Assets Held for Resale	1,101,077	-	-	-	-	-	1,101,077
Permanent Fund Principal	-	-	-	-	-	1,626,967	1,626,967
Columbia Neighborhood Center Endowment	693,193	-	-	-	-	-	693,193
Subtotal	3,117,379	-	-	-	-	1,626,967	4,744,346
Restricted for:							
Donations and Contributions from							
External Sources	2,097,170	-	-	-	-	-	2,097,170
Hazardous Materials Program							
Enforcement Actions	747,984	-	-	-	-	-	747,984
Housing Mitigation	-	132,594,249	-	-	-	-	132,594,249
Assets Held for Resale	-	280,000	-	-	-	-	280,000
Housing - CDBG and HOME Grant and Moderate Income	-	-	-	-	-	19,113,469	19,113,469
Housing Assets	-	-	-	-	-	2,293,347	2,293,347
Park Dedication	-	-	109,161,429	-	-	-	109,161,429
Law Enforcement - Asset Forfeiture	-	-	-	-	-	37,573	37,573
Police Services Augmentation	-	-	-	-	-	456,690	456,690
Workforce Training and Development	-	-	-	-	-	99,862	99,862
Downtown Parking Maintenance	-	-	-	-	-	1,100,630	1,100,630
Public Street and Highways	-	-	-	-	-	26,797,281	26,797,281
Debt Service Reserve	-	-	-	-	-	22,832	22,832
Capital Projects Funded by							
External Resources	-	-	-	103,091,832	-	-	103,091,832
Subtotal	2,845,154	132,874,249	109,161,429	103,091,832	-	49,921,684	397,894,348
Committed to:							
Contingency Reserve	32,457,084	-	-	-	-	-	32,457,084
Capital Improvement Projects	7,510,425	-	-	-	-	-	7,510,425
Current Capital and Special							
Projects Carryover	40,396,235	-	-	-	-	-	40,396,235
Subtotal	80,363,744	-	-	-	-	-	80,363,744
Assigned to:							
Infrastructure Renovation and Improvement Projects	-	-	-	-	87,753,661	-	87,753,661
Unassigned:	95,269,244	-	-	-	-	(135,580)	95,133,664
Total	\$ 181,595,521	\$ 132,874,249	\$ 109,161,429	\$ 103,091,832	\$ 87,753,661	\$ 51,413,071	\$ 665,889,763

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, 2024

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 2024 adopted budget, the Contingency Reserve was identified and set aside for the designated purpose in the amount of \$32,457,084.

The General Fund Reserve for Capital Improvement Projects primarily reflects the proceeds from land sales between fiscal year 2006 and fiscal year 2024. Such proceeds have been used for specific capital improvement projects as approved by the Council. The reserve balance at year end was \$7,510,425, which was classified as committed resources of the fund balance. Future funds in this reserve are for one-time capital expenditures in adherence with Council fiscal policy.

The Current Capital Projects and Special Projects Carryover represents the unspent amount of multiple-year General Fund project appropriations and deferred transfers to other funds’ capital projects. The amount of \$40,396,235 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 2024, this stabilization fund had a balance of \$89,889,830 and is classified as unassigned.

Explanation of Fund Balance Requirements Other than the General Fund:

For the Housing Special Revenue Fund, the restricted amount of \$132,874,249 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 \$109,161,429 is for the purpose of acquisition, construction, or renovation of neighborhood parks.

For the City Projects Fund, total fund balance was \$103,091,832 and represents the restricted resources from grants and impact fees.

For the Infrastructure Renovation and Improvement Fund, the amount of balance of \$87,753,661 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, 2024

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST

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

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

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

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

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

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

A. Deposits and investments

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

Enforceable Obligations Purposes	Amounts Approved to Cover the Period 7/1/24-12/31/24	Unspent Amounts from Prior Advances	Total RPTTF Held at 6/30/24
Central Core Tax Allocation Bonds Debt Service	\$ -	\$ 2,548	\$ 2,548
Fiscal Agent Trustee Fees	-	(1,605)	(1,605)
Town Center Pollution Remediation Obligations	-	161,151	161,151
Town Center Development Agreement Management	-	(39,043)	(39,043)
Low and Moderate Income Housing Asset Fund Repayment	-	-	-
Administration Funded by RPTTF	-	94,356	94,356
RPTTF Managed by the City for the RSA	<u>\$ -</u>	<u>\$ 217,407</u>	<u>\$ 217,407</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

At June 30, 2024, cash and investments held by the RSA in LAIF and in the City Treasury Pool was \$202,369 and \$15,038 respectively, which totaled to \$217,407.

B. Receivables

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

<u>To Collect from</u>	<u>Amount</u>
RPTTF (Reimbursement Obligation to City-1998 Parking Facility COP)	\$ 12,453,877
Interest Receivable	2,448
Total Receivables	<u>\$ 12,456,325</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. As of June 30, 2024, the amount of \$12,453,877 represents debt service payments by the City’s General Fund that remained unreimbursed by the RPTTF.

C. Capital Assets

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

D. Noncurrent Liabilities

<u>Description</u>	<u>Balance, June 30, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance, June 30, 2024</u>	<u>Due Within One Year</u>	<u>Due In More Than One Year</u>
Redevelopment Successor Agency Private-Purpose Trust Fund:						
Contractual Obligations under the 2016 MRADDOPA:						
Town Center Pollution Remediation						
Obligations to Developer	502,870	-	\$ (14,818)	\$ 488,052	\$ 70,000	418,052
Former RDA Obligations Due to the City	39,348,533	465,537	\$ -	\$39,814,070	\$ -	39,814,070
Total	<u>\$ 39,851,403</u>	<u>\$ 465,537</u>	<u>\$ (14,818)</u>	<u>\$40,302,122</u>	<u>\$ 70,000</u>	<u>\$ 40,232,122</u>

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

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

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

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

Reduction of Town Center Pollution Remediation Obligation

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

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

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

The Dissolution Act recognizes obligations imposed by State law and contractual commitments to remediate contaminated properties as enforceable obligations. On February 1, 2012, the RSA recognized the estimated liability of \$1,865,440, which was the same amount as recognized by the former RDA under the accrual basis of accounting as of January 31, 2012, before its dissolution. Outlays totaling \$1,369,384 have been incurred since the RDA dissolution, including \$14,818 in this year. At year end, the estimated remaining amount is \$488,052.

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). These parcels were conveyed to the Developer during fiscal year 2022/23.

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

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

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

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

Notes to the Basic Financial Statements, Continued
Fiscal Year Ended June 30, 2024

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

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 status of the legal action remained unchanged as of June 30, 2024.

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

Loans from the City General Fund to the Redevelopment Agency	Loan Principal	Simple Interest at 3%	Total
1977 Loan Reentered Agreement 2012	12,453,879	2,011,652	14,465,530
Administrative Loan	14,017,916	9,174,903	23,192,819
Plaza Loan	1,500,000	655,722	2,155,722
Loan Balance, June 30, 2024	<u>27,971,795</u>	<u>11,842,276</u>	<u>39,814,071</u>

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

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

The City and the former RDA also adopted a “2003 Loan and Repayment Agreement” on December 18, 2003. The RDA agreed to compensate the City for all administrative costs incurred for the RDA after 1985 and further capital expenditures that had been incurred since 1986 (called the “Administrative Loan” and the “Plaza Loan”) with original interest rates of 8% and 6%, respectively. Both loan balances had once been recalculated using the LAIF rates at the time of the RDA dissolution. On September 22, 2015, the State Legislature passed Senate Bill 107, which requires that the loan be recalculated at the simple interest rate of three percent from the date of origination of the loan.

Notes to the Basic Financial Statements, Concluded
Fiscal Year Ended June 30, 2024

NOTE 20 – REDEVELOPMENT SUCCESSOR AGENCY TRUST, Continued

After granting the Finding of Completion to the RSA on December 23, 2015, the DOF continued to deny both the Administrative Loan and the Plaza Loan as enforceable obligations, most recently on May 17, 2018, in its letter concerning the 2018-19 Annual ROPS. The loan balance of \$39,814,071 was reported as of June 30, 2024. The General Fund continued to maintain an uncollectible receivable allowance of the full amount.

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Required Supplementary Information (Unaudited)

**Required Supplementary Information
Fiscal Year Ended June 30, 2024**

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, 2024**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance, July 1, 2023	\$ 123,562,561	\$ 180,663,563	\$ 180,663,563	\$ -
Resources (inflows):				
Property Taxes	117,633,140	128,215,880	129,062,478	846,598
Sales and Use Taxes	34,286,478	36,954,271	40,715,300	3,761,029
Other Taxes	35,460,907	34,535,018	36,206,336	1,671,318
Franchise Fees	7,525,097	8,001,748	7,834,916	(166,832)
Intergovernmental Revenues	786,830	1,573,005	2,058,560	485,555
Permits and Licenses	2,274,571	2,265,913	2,283,339	17,426
Fines and Forfeitures	534,269	467,431	588,504	121,073
Service Fees	7,234,406	7,716,883	7,452,204	(264,679)
Rents and Concessions	1,856,352	2,150,576	2,076,149	(74,427)
Investment Earnings	2,915,051	3,804,928	4,831,818	1,026,890
Interfund Revenues	12,438,190	15,013,368	15,063,369	50,001
Other Revenues	666,503	1,334,244	828,456	(505,788)
Transfers In	16,739,110	16,739,110	15,562,698	(1,176,412)
Total Resources	240,350,904	258,772,375	264,564,127	5,791,752
Charges to appropriations (outflows):				
City Attorney	1,884,330	1,884,330	1,944,435	(60,105)
City Manager	5,700,442	5,700,442	5,854,426	(153,984)
Community Development	1,933,169	1,933,169	1,699,061	234,108
Finance	11,204,047	11,204,047	11,286,038	(81,991)
Human Resources	5,392,456	5,567,875	5,335,262	232,613
Library and Community Services	21,335,696	21,332,990	20,651,939	681,051
Public Safety	93,943,858	94,067,641	97,946,867	(3,879,226)
Public Works	28,906,722	28,906,722	26,997,583	1,909,139
Environmental Services	2,970,699	2,970,699	2,866,437	104,262
Capital Outlay and Special Projects	19,985,413	56,722,146	15,320,895	41,401,251
Transfers Out	47,143,332	66,672,316	66,314,477	357,839
Total charges to appropriations	240,400,164	296,962,377	256,217,420	40,744,957
Excess of resources over (under) charges to appropriations	(49,260)	(38,190,002)	8,346,707	46,536,709
Budgetary Fund Balance, June 30, 2024	\$ 123,513,301	\$ 142,473,561	\$ 189,010,270	\$ 46,536,709

See Accompanying Notes to the Budgetary Comparison Schedule

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2024

BUDGETARY POLICY AND CONTROL, Continued

Budgetary Comparison Schedule - Housing Special Revenue Fund
Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance, July 1, 2023	\$ 80,486,183	\$ 84,951,875	\$ 84,951,875	\$ -
Resources (inflows):				
Intergovernmental Revenues	-	-	(25,024)	(25,024)
Service Fees	15,550,264	3,121,469	1,217,931	(1,903,538)
Rents and Concessions	12,000	15,000	16,500	1,500
Interest Income	3,220,532	1,791,476	1,840,667	49,191
Other Revenues	1,563,593	1,440,590	448,266	(992,324)
Transfer In	1,000,000	1,000,000	1,000,000	-
Total Resources	21,346,389	7,368,535	4,498,340	(2,870,195)
Charges to appropriations (outflows):				
Community Development	1,544,449	1,544,450	14,026,567	(12,482,117)
Capital Outlay and Special Projects	16,250,000	30,533,065	7,328,451	23,204,614
Transfers Out	277,160	296,197	296,197	-
Total charges to appropriations	18,071,609	32,373,712	21,651,215	10,722,497
Excess of resources over (under) charges to appropriations	3,274,780	(25,005,177)	(17,152,875)	7,852,302
Budgetary Fund Balance, June 30, 2024	\$ 83,760,963	\$ 59,946,698	\$ 67,799,000	\$ 7,852,302

Budgetary Comparison Schedule – Park Dedication Special Revenue Fund
Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget Positive (Negative)
Budgetary Fund Balance, July 1, 2023	\$ 65,352,492	\$ 121,996,762	\$ 121,996,762	\$ -
Resources (inflows):				
Service Fees	12,872,241	12,466,872	168,577	(12,298,295)
Interest Income	2,902,008	2,838,942	2,826,685	(12,257)
Other Revenues	-	-	-	-
Total Resources	15,774,249	15,305,814	2,995,262	(12,310,552)
Charges to appropriations (outflows):				
Capital Outlay and Special Projects	16,049,372	63,490,084	12,711,101	50,778,983
Transfers Out	-	-	1,314,789	(1,314,789)
Total charges to appropriations	16,049,372	63,490,084	14,025,890	49,464,194
Excess of resources over (under) charges to appropriations	(275,123)	(48,184,270)	(11,030,628)	37,153,642
Budgetary Fund Balance, June 30, 2024	\$ 65,077,369	\$ 73,812,492	\$ 110,966,134	\$ 37,153,642

See Accompanying Notes to the Budgetary Comparison Schedule

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2024

BUDGETARY POLICY AND CONTROL, Continued

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

Sources/Inflow of Resources:	General Fund	Housing Fund	Park Dedication Fund
Actual amounts (budgetary basis) of "total resources" from the budgetary comparison schedule	\$ 264,564,127	\$ 4,498,340	\$ 2,995,262
Differences - Budget to GAAP			
Loan principal repayments are a budgetary resource but are not revenues for financial reporting purposes	-	(411,271)	-
Change in fair value of investments is not a budgetary resource	3,909,854	1,458,805	2,345,780
Change in allowance for housing loans is not a budgetary resource			
GAAP Reporting Entity Differences:			
- Internal Agency Fund not budgeted in the General Fund	280,481	-	-
- Youth and Neighborhood Services not budgeted in the General Fund	1,175,896	-	-
- Disaster Emergencies not budgeted in General Fund	91,308	-	-
Sinking fund payment to Internal Agency Fund not included for financial reporting			
Timing difference for recognition of revenue which has been deferred for financial			
Leases	131,041	-	-
Public Safety sales tax net adjustment	87	-	-
Transfers from other funds for administrative reimbursements are inflows of budgetary resources but are expenditure reductions for financial reporting	(14,154,624)		
Proceeds from sale of capital assets reported as other financing sources			
Other funds' operating in-lieu payments reported as transfers	(13,155,377)	-	-
Transfers between Housing Subfunds are eliminated for financial reporting	-	(1,000,000)	-
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 242,842,793</u>	<u>\$ 4,545,874</u>	<u>\$ 5,341,042</u>
Uses/Outflows of Resources			
Actual amounts (budgetary basis) of "total charges to appropriations" from the budgetary comparison schedule	\$ 256,217,420	\$ 21,651,215	\$ 14,025,890
Differences - Budget to GAAP			
GAAP Reporting Entity Differences:			
- Internal Agency Fund not budgeted in the General Fund	156,323	-	-
- Youth and Neighborhood Services is not budgeted in the General Fund	1,196,073	-	-
- Disaster Emergencies not budgeted in General Fund	-	-	-
Unbudgeted activity - Multimodal Sinking Fund is not budgeted in the General Fund	-	-	-
Unbudgeted activity - Inventory adjustment not budgeted in the General Fund	12,498	-	-
Timing difference in recognizing resource outflows related to a private grant	-	-	-
Loan disbursements are outflows of budgetary resource but are not expenditures for financial reporting purposes	-	(627,515)	-
Transfers from other funds for administrative reimbursements are inflows of budgetary resources but are expenditure reductions for financial reporting	(14,154,624)	-	-
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(20,183,031)	(407,257)	(1,314,790)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	<u>\$ 223,244,659</u>	<u>\$ 20,616,443</u>	<u>\$ 12,711,100</u>

See Accompanying Notes to the Budgetary Comparison Schedule

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2024

Notes to the Budgetary Comparison Schedules

1. Budgetary Information

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

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

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

- At the midpoint of each year, a public hearing (not legally required) is held by the City Council to review budget vs. actuals on the prior year-end close and to obtain budgetary comments from the public early in the budget process for the following year.
- During May of each year, the City Manager submits to the City Council a recommended budget for the fiscal year commencing July 1. The City Charter requires that the City Council receive the City Manager's budget no later than May 25.
- The City Manager's budget includes recommended expenditures for equipment, operating costs, debt service costs, and capital and special projects for the ensuing year.
- During May of each year the City Council holds a workshop on the budget. The workshop is open to the public.
- During June of each year the City Council holds a public hearing, legally required by the City Charter, where the public may submit written or oral comments regarding the entire budget or portions thereof.
- Prior to June 30 of each year, the budget as modified by the City Council is legally enacted by adoption of a budget resolution.
- 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, 2024

Notes to the Budgetary Comparison Schedules, Continued

- Approved appropriations for capital improvement projects do not lapse at the end of fiscal year unless the capital improvement project has been completed and closed out or the City Council takes affirmative action to modify the budget appropriation for the capital improvement project.
- Formal budgets are employed as a management control device for all funds in which a budget has been adopted. Annual appropriated budgets apply to the general fund, special revenue funds, permanent funds, and debt service funds. Capital project funds operate using project-length budgets. Proprietary fund budgets serve only as financial plans.
- Budgeted amounts reported are those as originally adopted June 20, 2023 plus all amendments approved during the year by the City Council. Individual amendments were not material in relation to the original amounts budgeted.

2. Budgetary Control

Legal Level of Budgetary Control

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

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

Excess of Expenditures Over Appropriations

The Department of Public Safety exceeded appropriations due to vacancies driving a high use of backfill overtime. The City has appropriated significant ongoing funds to recruit and train public safety officers over the long-term financial plan to bring staffing in line with authorized positions.

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2024

Notes to the Budgetary Comparison Schedule, Continued

3. Budgetary Highlights

The General Fund

The General Fund original appropriations budget (outflows) of \$240,400,164 was modified during the fiscal year to incorporate project, equipment, and transfer appropriation carryover from prior years of \$36,736,733. Of significance was \$19,825,480 in new appropriations. These changes net against other adjustments during the FY 2023/24 budget development process for a final amended budget of \$296,962,377. The Funding sources for these amendments were due to grant revenue, additional revenue estimated during midyear budget adjustments, General Fund savings, General Fund reserves, and savings from projects and transfers that did not require their full appropriation.

Estimated inflows of resources of the General Fund were also amended during the fiscal year for an increase of \$18,421,471 (excluding sale of property, transfers and interfund revenues) due primarily to midyear adjustments during FY 2024/25 budget development. The midyear budget revenue adjustments were part of the budget development process to more appropriately reflect the actual trends based upon year-to-date information. In particular, Property Tax was revised upward by \$10,582,740 due to growth in the assessed valuation of both the residential and commercial/industrial sectors across the City as well as change of ownership and new construction. In addition, Sales Tax was increased by \$2,667,793 due to inflationary pressures.

The Housing Special Revenue Fund

The City's Housing Fund original appropriation budget of \$1,871,609 was modified during the fiscal year by \$19,037 in new appropriations for a supplemental transfer to the pension trust. The final budget also comprises project and transfer carryover appropriations from prior years, including \$10,500,000 of Orchard Gardens Apartment Redevelopment project.

The Park Dedication Special Revenue Fund

The original appropriation budget of the City's Park Dedication Fund was \$16,049,372 and the remaining difference between the original and final expenditure budget is the result of carryover from prior fiscal years.

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2024

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS

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

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

In September 2001, the City conducted a study to update the physical condition assessment of the streets. The streets, primarily concrete and asphalt pavements, were defined as all physical features associated with the operation of motorized vehicles that exist within the limits of City right-of-way. City-owned streets are classified based on land use, access and traffic utilization into the following four classifications: arterial/major, secondary, collector and local. This condition assessment will be performed no less than every three years or as allowed by resources. Each street was assigned a physical condition based on potential defects. A regionally based Pavement Condition Index (PCI) was assigned to each street and expressed in a continuous scale from 0 to 100, where 0 is assigned to the least acceptable physical condition and 100 is assigned the physical characteristics of a new street.

The following conditions were defined:

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

The City policy is to achieve a rating of 75 or over for all streets, which is a “good” or better rating based on Metropolitan Transportation Commission (MTC) Regional standards. The last study report was issued in June 2024 for fiscal year 2024. In that study, the City’s street system was rated at a PCI index of 74 on the average with the detail condition as follows:

Condition	Rating
Excellent	9.5%
Very Good	22.7%
Good	35.6%
Fair	22.9%
At Risk	4.3%
Poor	4.4%
Failed	0.4%

Required Supplementary Information, Continued
Fiscal Year Ended June 30, 2024

MODIFIED APPROACH FOR CITY STREETS INFRASTRUCTURE CAPITAL ASSETS, Continued

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 \$13,610,174 on street maintenance for the fiscal year ended June 30, 2024. These expenditures delayed deterioration and maintained the conditions of the City streets. A schedule of estimated annual amount calculated to maintain and preserve its streets at the current level compared to actual expenditures for street maintenance for the last five years is presented below.

<u>Fiscal Year</u>	<u>Maintenance Estimate</u>	<u>Actual Expenditures</u>	<u>Average PCI Index</u>
2019-2020	8,048,000	5,746,000	76
2020-2021	13,589,000	10,060,000	77
2021-2022	19,232,047	7,388,132	76
2022-2023	28,257,587	10,151,174	77
2023-2024	38,082,902	13,610,174	74

The City has an on-going street rehabilitation program that is intended to maintain the condition rating of the City Streets. Large pavement rehabilitation projects, including work done on Wolfe Road and other large arterial streets, has been completed or planned during FY 2024/25 and will substantially improve the rating in the coming fiscal year. The rehabilitation program is formulated based on deficiencies identified as a part of its Pavement Management System. The City leverages grant funding when available to augment the program.

Required Supplementary Information, Continued**Fiscal Year Ended June 30, 2024****PENSION PLANS****City of Sunnyvale Miscellaneous Plan****Schedule of Changes in the Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30****Last 10 Years¹**

Measurement Period	2023	2022
TOTAL PENSION LIABILITY		
Service Cost	\$ 13,410,339	\$ 13,324,481
Interest on Total Pension Liability	50,703,226	48,292,957
Changes of Benefit Terms	740,450	-
Changes of Assumptions	-	21,723,001
Difference Between Expected and Actual Experience	9,311,533	1,207,170
Benefit Payments, Including Refunds of Employee Contributions	(38,126,202)	(35,435,623)
Net Change in Total Pension Liability	36,039,346	49,111,986
Total Pension Liability – Beginning	737,135,311	688,023,325
Total Pension Liability – Ending (a)	\$ 773,174,657	\$ 737,135,311
PLAN FIDUCIARY NET POSITION		
Contributions – Employer	\$ 26,236,863	\$ 24,278,371
Contributions – Employee	5,887,281	5,608,810
Net Investment Income	32,192,854	(42,890,910)
Benefit Payments, Including Refunds of Employee Contributions	(38,126,202)	(35,435,623)
Other Miscellaneous Expense	-	-
Administrative Expense	(381,787)	(353,819)
Net Change in Fiduciary Net Position	25,809,009	(48,793,171)
Plan Fiduciary Net Position – Beginning	519,189,301	567,982,472
Plan Fiduciary Net Position – Ending (b)	\$ 544,998,310	\$ 519,189,301
Plan Net Pension Liability – Ending (a) - (b)	\$ 228,176,347	\$ 217,946,010
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	70.49%	70.43%
Covered Payroll ⁴	\$ 77,048,943	\$ 73,700,809
Plan Net Pension Liability as a Percentage of Covered Payroll	296.14%	295.72%

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

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2022 valuation date.

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

During Measuring period 2022, the discount rate was reduced from 7 percent to 6.9 percent.

During Measuring period 2023, there was no change of assumptions and discount rate remains at 6.9 percent.

	2021	2020	2019	2018	2017
\$	11,996,478	\$ 11,701,084	\$ 11,559,006	\$ 11,199,730	\$ 10,842,227
	46,636,226	44,872,640	43,217,539	40,900,336	39,261,483
	-	-	-	-	-
	-	-	-	(4,081,790)	32,106,944
	744,292	(1,023,066)	8,785,490	3,645,229	(6,019,442)
	(33,732,095)	(31,868,242)	(29,484,250)	(27,829,331)	(26,020,390)
	25,644,901	23,682,416	34,077,785	23,834,174	50,170,822
	662,378,424	638,696,008	604,618,223	580,784,049	530,613,227
\$	688,023,325	\$ 662,378,424	\$ 638,696,008	\$ 604,618,223	\$ 580,784,049
\$	23,049,190	\$ 21,054,645	\$ 19,631,877	\$ 16,854,299	\$ 15,147,804
	5,474,501	5,201,737	5,467,671	5,008,021	4,604,224
	105,593,674	22,511,843	28,083,867	34,014,678	41,501,524
	(33,732,095)	(31,868,242)	(29,484,250)	(27,829,331)	(26,020,390)
	423	-	995	(1,191,114)	-
	(467,568)	(636,929)	(305,720)	(626,703)	(542,569)
	99,918,125	16,263,054	23,394,440	26,229,850	34,690,593
	468,064,347	451,801,293	428,406,853	402,177,003	367,486,410
\$	567,982,472	\$ 468,064,347	\$ 451,801,293	\$ 428,406,853	\$ 402,177,003
\$	120,040,853	\$ 194,314,077	\$ 186,894,715	\$ 176,211,370	\$ 178,607,046
	82.55%	70.66%	70.74%	70.86%	69.25%
\$	69,625,525	\$ 66,521,230	\$ 64,370,478	\$ 61,107,215	\$ 57,600,952
	172.41%	292.11%	290.34%	288.36%	310.08%

Continued

Required Supplementary Information, Continued**Fiscal Year Ended June 30, 2024****PENSION PLANS****City of Sunnyvale Miscellaneous Plan****Schedule of Changes in the Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30****Last 10 Years¹**

Measurement Period	2016	2015	2014
TOTAL PENSION LIABILITY			
Service Cost	\$ 9,680,984	\$ 9,957,430	\$ 10,186,565
Interest on Total Pension Liability	38,249,412	36,727,690	35,343,753
Changes of Benefit Terms	-	-	-
Changes of Assumptions	-	(8,859,441)	-
Difference Between Expected and Actual Experience	(2,309,130)	(4,993,806)	-
Benefit Payments, Including Refunds of Employee Contributions	(24,937,993)	(23,753,937)	(21,670,122)
Net Change in Total Pension Liability	20,683,273	9,077,936	23,860,196
Total Pension Liability – Beginning	509,929,954	500,852,018	476,991,822
Total Pension Liability – Ending (a)	\$ 530,613,227	\$ 509,929,954	\$ 500,852,018
PLAN FIDUCIARY NET POSITION			
Contributions – Employer	\$ 14,617,203	\$ 13,259,494	\$ 13,538,441
Contributions – Employee	4,584,629	4,498,949	4,900,096
Net Investment Income	474,899	8,380,085	56,229,060
Benefit Payments, Including Refunds of Employee Contributions	(24,937,993)	(23,753,937)	(21,670,122)
Other Miscellaneous Expense	579	(288)	-
Administrative Expense	(227,308)	(419,766)	-
Net Change in Fiduciary Net Position	(5,487,991)	1,964,537	52,997,475
Plan Fiduciary Net Position – Beginning	372,974,401	371,009,864	318,012,389
Plan Fiduciary Net Position – Ending (b)	\$ 367,486,410	\$ 372,974,401	\$ 371,009,864
Plan Net Pension Liability – Ending (a) - (b)	\$ 163,126,817	\$ 136,955,553	\$ 129,842,154
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.26%	73.14%	74.08%
Covered Payroll ⁴	\$ 55,959,435	\$ 56,387,283	\$ 54,657,753
Plan Net Pension Liability as a Percentage of Covered Payroll	291.51%	242.88%	237.55%

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Required Supplementary Information, Continued**Fiscal Year Ended June 30, 2024****PENSION PLANS****City of Sunnyvale Safety Plan****Schedule of Changes in the Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30****Last 10 Years¹**

Measurement Period	2023	2022
TOTAL PENSION LIABILITY		
Service Cost	\$ 12,575,702	\$ 12,383,765
Interest on Total Pension Liability	47,126,640	45,082,328
Changes of Benefit Terms	209,174	-
Changes of Assumptions	-	23,159,440
Difference Between Expected and Actual Experience	8,121,808	(906,001)
Benefit Payments, Including Refunds of Employee Contributions	(37,345,166)	(35,185,545)
Net Change in Total Pension Liability	30,688,158	44,533,987
Total Pension Liability – Beginning	687,048,515	642,514,528
Total Pension Liability – Ending (a)	\$ 717,736,673	\$ 687,048,515
PLAN FIDUCIARY NET POSITION		
Contributions – Employer	\$ 24,219,015	\$ 22,850,564
Contributions – Employee	3,943,035	3,764,639
Net Investment Income	28,316,430	(38,210,033)
Benefit Payments, Including Refunds of Employee Contributions	(37,345,166)	(35,185,545)
Plan to Plan Resource Movement	-	-
Administrative Expense	(337,263)	(315,043)
Net Change in Fiduciary Net Position	18,796,051	(47,095,418)
Plan Fiduciary Net Position – Beginning	458,640,393	505,735,811
Plan Fiduciary Net Position – Ending (b)	\$ 477,436,444	\$ 458,640,393
Plan Net Pension Liability – Ending (a) - (b)	\$ 240,300,229	\$ 228,408,122
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.52%	66.76%
Covered Payroll ⁴	\$ 39,611,197	\$ 38,548,202
Plan Net Pension Liability as a Percentage of Covered Payroll	606.65%	592.53%

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

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

Benefit Changes: The figures above do not include any liability impact that may have resulted from plan changes which occurred after the June 30, 2022 valuation date.

Change in Assumptions: During Measurement period 2014, the discount rate was 7.50 percent. During the measurement period 2015, the discount rate was increased from 7.5 percent to 7.65 percent. There is no change in assumptions during measurement period 2016. During measurement period 2017, the discount rate was reduced from 7.65 percent to 7.15 percent. During measurement period 2018, demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2021. There were no change in assumptions during measurement periods 2019 and 2020. During Measurement period 2022, the discount rate was reduced from 7 percent to 6.90 percent. During Measuring period 2023, there was no change of assumptions and discount rate remains at 6.9 percent.

	2021	2020	2019	2018	2017
\$	11,148,722	\$ 10,810,262	\$ 10,590,296	\$ 10,198,713	\$ 10,631,055
	43,612,006	42,233,127	40,740,521	38,968,908	37,837,829
	-	-	-	-	-
	-	-	-	(3,031,221)	31,727,462
	(1,483,768)	240,732	4,796,806	(1,342,176)	(3,692,230)
	(33,259,910)	(31,627,776)	(29,984,051)	(28,780,790)	(27,339,259)
	20,017,050	21,656,345	26,143,572	16,013,434	49,164,857
	622,497,478	600,841,133	574,697,561	558,684,127	509,519,270
\$	642,514,528	\$ 622,497,478	\$ 600,841,133	\$ 574,697,561	\$ 558,684,127
\$	20,974,642	\$ 18,970,323	\$ 17,722,518	\$ 14,914,181	\$ 13,836,093
	4,201,192	4,191,546	4,108,581	3,875,143	4,039,494
	94,508,129	20,302,470	25,483,098	31,151,544	38,624,125
	(33,259,910)	(31,627,776)	(29,984,051)	(28,780,790)	(27,339,259)
	(423)	-	911	(1,100,642)	-
	(419,286)	(575,844)	(279,325)	(580,496)	(506,839)
	86,004,344	11,260,719	17,051,732	19,478,940	28,653,614
	419,731,467	408,470,748	391,419,016	371,940,076	343,286,462
\$	505,735,811	\$ 419,731,467	\$ 408,470,748	\$ 391,419,016	\$ 371,940,076
\$	136,778,717	\$ 202,766,011	\$ 192,370,385	\$ 183,278,545	\$ 186,744,051
	78.71%	67.43%	67.98%	68.11%	66.57%
\$	36,457,562	\$ 34,849,331	\$ 33,702,370	\$ 32,177,671	\$ 33,006,474
	375.17%	581.84%	570.79%	569.58%	565.78%

Continued

Required Supplementary Information, Continued**Fiscal Year Ended June 30, 2024****PENSION PLANS****City of Sunnyvale Safety Plan****Schedule of Changes in the Net Pension Liability and Related Ratios for the Measurement Periods Ended June 30****Last 10 Years¹**

Measurement Period	2016	2015	2014
TOTAL PENSION LIABILITY			
Service Cost	\$ 9,135,944	\$ 8,771,544	\$ 9,513,550
Interest on Total Pension Liability	36,805,665	35,349,092	33,899,709
Changes of Benefit Terms	-	-	-
Changes of Assumptions	-	(8,685,061)	-
Difference Between Expected and Actual Experience	(182,810)	(1,105,115)	-
Benefit Payments, Including Refunds of Employee Contributions	(25,948,338)	(24,211,372)	(22,125,777)
Net Change in Total Pension Liability	19,810,461	10,119,088	21,287,482
Total Pension Liability – Beginning	489,708,809	479,589,721	458,302,239
Total Pension Liability – Ending (a)	\$ 509,519,270	\$ 489,708,809	\$ 479,589,721
PLAN FIDUCIARY NET POSITION			
Contributions – Employer	\$ 12,634,254	\$ 11,312,835	\$ 12,221,414
Contributions – Employee	3,911,682	3,970,442	3,689,599
Net Investment Income	489,200	7,812,498	54,102,751
Benefit Payments, Including Refunds of Employee Contributions	(25,948,338)	(24,211,372)	(22,125,777)
Plan to Plan Resource Movement	(579)	202	-
Administrative Expense	(214,779)	(396,404)	-
Net Change in Fiduciary Net Position	(9,128,560)	(1,511,799)	47,887,987
Plan Fiduciary Net Position – Beginning	352,415,022	353,926,821	306,038,834
Plan Fiduciary Net Position – Ending (b)	\$ 343,286,462	\$ 352,415,022	\$ 353,926,821
Plan Net Pension Liability – Ending (a) - (b)	\$ 166,232,808	\$ 137,293,787	\$ 125,662,900
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	67.37%	71.96%	73.80%
Covered Payroll ⁴	\$ 31,449,031	\$ 29,886,011	\$ 31,473,683
Plan Net Pension Liability as a Percentage of Covered Payroll	528.58%	459.39%	399.26%

Concluded

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***Required Supplementary Information,
Continued
Fiscal Year Ended June 30, 2024***

PENSIONS

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially Determined Contribution	\$ 27,697,750	\$ 26,376,966	\$ 24,279,280
Contributions in Relation to the Actuarially Determined Contributions	(30,352,983)	(26,376,966)	(24,279,280)
Contribution Deficiency (Excess)	<u>\$ (2,655,233)</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ²	\$ 82,230,110	\$ 77,048,943	\$ 73,700,809
Contributions as a Percentage of Covered Payroll	36.91%	34.23%	32.94%

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

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

The actuarial methods and assumptions used to determine the fiscal year 2024 contribution rates are as follows:

Valuation date	6/30/2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	6.9% (net of expenses)
Projected Salary Increase	Varies by entry age and services
Inflation	2.30%
Payroll Growth	2.75%
Mortality	Derived using CalPERS membership data for all funds.

2021	2020	2019	2018	2017	2016	2015
\$ 23,049,190	\$ 21,054,645	\$ 18,631,877	\$ 16,854,299	\$ 15,147,804	\$ 13,917,203	\$ 12,759,494
(23,049,190)	(21,054,645)	(19,631,877)	(16,854,299)	(15,147,804)	(14,617,203)	(13,259,494)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,000,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (700,000)</u>	<u>\$ (500,000)</u>
\$ 69,625,525	\$ 66,521,230	\$ 64,370,478	\$ 61,107,215	\$ 57,600,952	\$ 55,959,435	\$ 56,387,283
33.10%	31.65%	30.50%	27.58%	26.30%	26.12%	23.52%

**Required Supplementary Information,
Continued
Fiscal Year Ended June 30, 2024**

PENSIONS

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

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Actuarially Determined Contribution	\$ 25,753,722	\$ 24,219,075	\$ 22,853,810	\$ 20,974,642
Contributions in Relation to the Actuarially Determined Contributions	(28,412,102)	(24,219,075)	(22,853,810)	(20,974,642)
Contribution Deficiency (Excess)	<u>\$ (2,658,380)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll ⁵	\$ 42,692,696	\$ 39,611,197	\$ 38,548,202	\$ 36,457,562
Contributions as a Percentage of Covered Payroll	66.55%	61.14%	59.29%	57.53%

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

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

The actuarial methods and assumptions used to determine the fiscal year 2024 contribution rates are as follows:

Valuation date	6/30/2022
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	6.9% (net of expenses)
Projected Salary Increase	Varies by entry age and services
Inflation	2.30%
Payroll Growth	2.75%
Mortality	Derived using CalPERS membership data for all funds.

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

Required Supplementary Information, Continued

Fiscal Year Ended June 30, 2024

City of Sunnyvale OPEB Plan

Schedule of Changes in the Net OPEB Liability and Related Ratios for the Measurement Periods Ended June 30

Last 10 Years¹

Measurement Period	2023	2022
Total OPEB liability:		
Service Cost	\$ 5,415,428	\$ 6,446,058
Interest	9,847,964	11,320,341
Changes in Benefit Terms	-	708,355
Differences between Expected and Actual Experience	-	(21,006,178)
Changes of Assumptions	-	2,437,255
Benefit Payments	(8,724,924)	(8,262,414)
Net change in Total OPEB Liability	6,538,468	(8,356,583)
Total OPEB Liability - Beginning	178,000,912	186,357,495
Total OPEB Liability - Ending (a)	\$ 184,539,380	\$ 178,000,912
Plan Fiduciary Net Position		
Contributions - Employer	\$ 11,838,352	\$ 11,628,583
Net Investment Income	10,874,893	(20,430,833)
Benefit Payments	(8,724,924)	(8,262,414)
Administrative Expense	(27,428)	(20,169)
Net Change in Plan Fiduciary Net Position	13,960,893	(17,084,833)
Plan Fiduciary Net Position-Beginning	132,785,888	149,870,721
Plan Fiduciary Net Position-Ending (b)	\$ 146,746,781	\$ 132,785,888
City's Net OPEB liability (a) - (b)	\$ 37,792,599	\$ 45,215,024
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	79.52%	74.60%
Covered-Employee Payroll (Contributions not based on measure of pay)	\$ 134,904,176	\$ 128,464,021
	28.01%	35.20%
City's Net OPEB Liability as a Percentage of Covered Employee Payroll		

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

Change in Assumptions: During measurement period 2022, demographic assumptions were updated in accordance to the CalPERS Membership Data 2000-2019 Experience Study. Mortality improvement scale was updated to Scale MP-2021 from MP-2018. The discount rate dropped to 5.5% and inflation rate at 2.5%. During measurement period ended June 30, 2022, actuarial assumptions for medical trend were adjusted and the mortality improvement scale was updated. During measuring period 2023 there was no change of assumptions and no discount rate change.

2021	2020	2019	2018	2017
\$ 6,258,309	\$ 5,963,549	\$ 5,789,853	\$ 5,126,673	\$ 5,288,000
10,776,578	10,609,180	10,092,406	10,947,288	10,076,000
-	-	-	-	-
-	(12,386,222)	-	(15,011,718)	-
-	6,174,688	-	5,292,216	-
(8,057,414)	(7,674,549)	(7,211,618)	(7,249,724)	(6,927,000)
8,977,473	2,686,646	8,670,641	(895,265)	8,437,000
177,380,022	174,693,376	166,022,735	166,918,000	158,481,000
<u>\$ 186,357,495</u>	<u>\$ 177,380,022</u>	<u>\$ 174,693,376</u>	<u>\$ 166,022,735</u>	<u>\$ 166,918,000</u>
\$ 11,640,712	\$ 12,054,056	\$ 12,048,370	\$ 11,332,886	\$ 11,170,000
30,761,293	6,091,558	6,472,434	6,736,501	7,702,310
(8,057,414)	(7,674,549)	(7,211,618)	(7,249,724)	(6,927,000)
(19,298)	(20,507)	(17,752)	(24,162)	(214,535)
34,325,293	10,450,558	11,291,434	10,795,501	11,730,775
115,545,428	105,094,870	93,803,436	83,007,935	71,277,160
<u>\$ 149,870,721</u>	<u>\$ 115,545,428</u>	<u>\$ 105,094,870</u>	<u>\$ 93,803,436</u>	<u>\$ 83,007,935</u>
<u>\$ 36,486,774</u>	<u>\$ 61,834,594</u>	<u>\$ 69,598,506</u>	<u>\$ 72,219,299</u>	<u>\$ 83,910,065</u>
80.42%	65.14%	60.16%	56.50%	49.73%
\$ 118,376,979	\$ 114,830,357	\$ 110,932,793	\$ 104,981,096	\$ 99,643,412
30.82%	53.85%	62.74%	68.79%	84.21%

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Required Supplementary Information, Concluded
Fiscal Year Ended June 30, 2024

City of Sunnyvale OPEB Plan

Schedule of Plan Contributions for the Fiscal Years Ended June 30

Last 10 Years

	<u>2024</u>	<u>2023</u>	<u>2022</u>
Actuarially Determined Contribution (ADC)	\$ 9,108,000	\$ 12,195,000	\$ 11,860,000
Contributions in Relation to the Actuarially Determined Contributions	(12,214,312)	(11,838,352)	(11,628,583)
Contribution Deficiency (Excess)	<u>\$ (3,106,312)</u>	<u>\$ 356,648</u>	<u>\$ 231,417</u>
Covered-Employee Payroll	\$ 141,142,771	\$ 134,904,176	\$ 128,464,021
Contributions as a Percentage of Covered-Employee Payroll	8.65%	8.78%	9.05%

Notes to Schedule

Valuation date for funding purposes:	6/30/22
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of payroll
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Discount Rate	5.5% (net of expenses)
Inflation	2.50%
Payroll Growth	2.75% including inflation
Medical Trend	8.5% annually decreasing to 3.45% for retirees not eligible for Medicare. 7.5% annually decreasing to 3.45% for retirees eligible for Medicare (Non-Kaiser). 6.25% annually decreasing to 3.45% for retirees eligible for Medicare (Kaiser).
Mortality	Derived using CALPERS 2000-2019 Expected Study. Mortality Improvement Scale MP-2021.

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

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
\$ 12,086,000	\$ 11,758,000	\$ 11,818,000	\$ 11,460,000	\$ 8,135,000
(11,640,712)	(12,054,056)	(12,048,370)	(11,308,724)	(9,842,297)
<u>\$ 445,288</u>	<u>\$ (296,056)</u>	<u>\$ (230,370)</u>	<u>\$ 151,276</u>	<u>\$ (1,707,297)</u>
\$ 118,376,979	\$ 118,376,979	\$ 110,932,793	\$ 104,981,096	\$ 99,643,412
9.83%	10.18%	10.86%	10.77%	9.88%

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Supplementary Information

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General Fund Budgetary Control

CITY OF SUNNYVALE

General Fund Appropriations

Budgetary Comparisons

June 30, 2024

Description	Final Budget	Actual Expenditures	Variance Positive (Negative)
Equipment			
General Equipment	\$ 365,037	\$ -	\$ 365,037
Recreation Equipment	800,595	111,443	689,152
Public Safety Equipment	6,626,749	383,287	6,243,462
Total Equipment	<u>7,792,381</u>	<u>494,730</u>	<u>7,297,651</u>
Operating Programs			
City Attorney			
Comprehensive Legal Services	2,348,170	1,944,435	403,735
Total City Attorney	<u>2,348,170</u>	<u>1,944,435</u>	<u>403,735</u>
City Manager			
Office of the City Manager	6,130,840	5,854,426	276,414
Total City Manager	<u>6,130,840</u>	<u>5,854,426</u>	<u>276,414</u>
Community Development			
Planning	2,060,544	643,154	1,417,390
Homeless Services	284,721	159,909	124,812
Community Development Department Management	1,007,139	895,998	111,141
Total Community Development	<u>3,352,404</u>	<u>1,699,061</u>	<u>1,653,343</u>
Environmental Services			
Regulatory Programs	5,028,915	1,521,155	3,507,760
Environmental Sustainability	882,323	726,974	155,349
Stormwater Collections	647,372	618,308	29,064
Total Environmental Services	<u>6,558,610</u>	<u>2,866,437</u>	<u>3,692,173</u>
Finance			
Budget Management	1,206,143	1,125,496	80,647
Purchasing	2,706,364	1,673,055	1,033,309
Financial Management and Analysis	1,571,189	2,086,518	(515,329)
Accounting and Financial Services	1,566,639	1,758,723	(192,084)
Utility Billing	3,721,444	3,795,881	(74,437)
Non-Utility Revenue Management and Special Projects	799,542	844,095	(44,553)
Citywide Program	2,270	2,270	-
Total Finance	<u>11,573,591</u>	<u>11,286,038</u>	<u>287,553</u>
Human Resources			
Human Resources	5,701,572	5,335,262	366,310
Total Human Resources	<u>5,701,572</u>	<u>5,335,262</u>	<u>366,310</u>
Library and Recreation Services			
Library	10,846,222	10,571,712	274,510
Recreation Services	4,400,243	10,080,226	(5,679,983)
Total Library and Community Services	<u>15,246,465</u>	<u>20,651,938</u>	<u>(5,405,473)</u>

Continued

CITY OF SUNNYVALE**General Fund Appropriations****Budgetary Comparisons****June 30, 2024****Public Safety**

Fire Services	31,208,608	35,035,821	\$ (3,827,213)
Community Safety Services	3,658,378	3,651,949	6,429
Personnel and Training	2,786,789	2,936,673	(149,884)
Investigation Services	6,180,600	6,268,865	(88,265)
Communication Services	4,755,459	4,638,531	116,928
Public Safety Administrative Services	6,398,877	7,055,897	(657,020)
Records Management and Property Services	2,505,399	2,507,480	(2,081)
Fire Prevention and Hazardous Material Services	(1,335,848)	2,289,750	(3,625,598)
Police Services	32,045,241	33,623,357	(1,578,116)
Citywide Program	(61,456)	(61,456)	-
Total Public Safety	88,142,047	97,946,867	(8,226,704)

Public Works

Transportation and Traffic Services	3,959,117	3,450,371	508,746
Pavement and Concrete Maintenance	7,909,320	4,434,862	3,474,458
Street Lights, Signs and Debris	2,860,162	2,435,748	424,414
Urban Forestry	2,749,959	2,110,820	639,139
Neighborhood Parks and Open Space Management	12,963,145	13,671,299	(708,154)
Public Works Administration and Property Management	456,684	894,484	(437,800)
Total Public Works	30,898,387	26,997,584	3,900,803

Total Operating Programs

169,952,086	174,582,048	(4,629,962)
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Transfers Out

Youth and Neighborhood Services Fund	682,236	682,236	-
Infrastructure Fund - General Fund Assets	3,156,100	3,156,100	-
2020 Civic Center Lease Revenue Bonds	7,281,211	7,281,211	-
Golf and Tennis Operations Fund	2,135,000	2,135,000	-
Technology and Communication Services Fund	4,173,187	4,173,187	-
Project Management Services Fund	2,755,296	2,755,296	-
Employee Benefits - Retirement Benefit	30,199,922	30,199,922	-
Employee Benefits - Pension Trust	4,452,572	4,452,572	-
Insurance and Other Benefits	7,088,951	7,088,951	-
Property and Liability Insurance Fund	4,390,003	4,390,003	-
Total Transfers Out	66,314,478	66,314,478	-

Continued

CITY OF SUNNYVALE**General Fund Appropriations****Budgetary Comparisons****June 30, 2024****Projects***Infrastructure Projects*

Pavement Rehabilitation	4,479,202	453.00	4,478,749
ADA Projects and Emergency Concrete Replacement	120,303	-	120,303
Contribution to Our City Forest	8,100	3,300.00	4,800
Stormwater Outfall Emergency Repair	466,068	466,068.00	-
Smart Cities Initiative Study	37,500	35,125.00	2,375
Public Safety Emergency Generator Replacement	2,577,363	106,475.00	2,470,888
Upgrading of Fuel Stations	1,353,989	973,467.00	380,522
Pedestrian Lighted Crosswalk Maintenance and Replacement	777,161	-	777,161
Replacement/Repair/Rehabilitation of Storm Drain	376,535	25,240.00	351,295
Sidewalk, Curb and Gutter Replacement	2,129,272	7,059.00	2,122,213
Civic Center Modernization	1,004,670	(1,812,819.00)	2,817,489
Corporation Yard Buildings - Rehabilitation	28,282	10,787.00	17,495
Routine Resurfacing of City Owned Parking Lots	190,992	33,507.00	157,485
Illuminated Street Sign Replacement Project	42,770	53.00	42,717
Traffic Signal Maintenance Services Augmentation	487,304	108,498.00	378,806

Outside Group Funding Projects

Iizuka Sister City Engagement Funding	12,500	12,500.00	-
Leadership Sunnyvale [GF]	6,000	4,750.00	1,250
A Sunny Place for Growing Readers	56,700	54,737.00	1,963
Dispute Resolution Services	50,000	50,000.00	-
Outside Group Funding Support [GF]	135,000	134,456.00	544
Sunnyvale Community Services Facility Financing Support	4,000,000	4,000,000.00	-

Capital Projects

Sunnyvale Traffic Signal Upgrades	65,247	-	65,247
RDA Counsel Fees	999	812.00	187
Improve Bicycle and Pedestrian Access at Sunnyvale Caltrain Station	51,536	10,255.00	41,281
Civic Center Phase 2 Planning - Main Library	1,243,683	1,006,465.00	237,218
Lakewood Branch Library Facility	1,476,000	24,158.00	1,451,842
Re-evaluate Traffic Calming Program and Policy	189,048	104,602.00	84,446
Traffic Sign Installation and Maintenance	89,471	28,991.00	60,480
MTC Pavement Management Technical Assistance Program Matching	-	-	-
Maintenance of 725 Kifer Rd. (SCS Property)	182,000	55,733.00	126,267
Corporation Yard Site Feasibility and Modernization Plan	12,656	-	12,656
Traffic Signal Specifications and Standard Details	(77,431)	-	(77,431)
Poplar Avenue Sidewalk Study	(4,123)	874.00	(4,997)
Peery Park Area Transportation Improvements	606,392	7,421.00	598,971
Homestead Road Full Time Bicycle Lane Study	(3,872)	2,260.00	(6,132)
Grade Separation Caltrain Crossings Study Issue	(2,907)	-	(2,907)
Underground Overhead Utilities	392,364	398,643.00	(6,279)
ADA Transition Plan & Self-Evaluation	50,000	8,000.00	42,000
344 Charles Street Renovation	34,156	3,696.00	30,460
Pedestrian & Bicycle Facility Installation on Tasman Study	220,346	220,346.00	-
Universal Basic Income Study	100,000	90,000.00	10,000
Transportation and General Fund Grant Matching	2,500,000	59,682.00	2,440,318

Miscellaneous

Friends of Library Donations			-
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Continued

CITY OF SUNNYVALE

General Fund Appropriations

Budgetary Comparisons

June 30, 2024

Special Projects

239 - 241 Commercial Street Property Maintenance	11,706	-	\$	11,706
Evaluation of Right to Lease Ordinance	10,000	-		10,000
SB379 SolarApp+	79,658	-		79,658
Electronic ADA Compliance	29,647	-		29,647
Green Stormwater Infrastructure Plan Implementation	1,049,423	11,827.00		1,037,596
Maintenance of City Owned Properties - Downtown	8,000	877.00		7,123
Council Technology Expense	2,102	-		2,102
San Andreas Regional Center, After School Recreation Program for All	76,764	62,606.00		14,158
Stormwater Permit Implementation	560,626	2,455.00		558,171
Finance Tax Audit	39,437	80,186.00		(40,749)
Fire Prevention (HazMat) Technology Project	1,235	-		1,235
City-wide Aerial Photos	25,496	24,823.00		673
Organizational Development	43,973	-		43,973
Stormwater-Wastewater Bacteria Control Program	118,842	55,704.00		63,138
DPS – SCCPH Tobacco Decoy Operation	21,416	5,830.00		15,586
Minimum Wage Enforcement Agreement	15,000	15,000.00		-
General Plan Updates	499,012	15,255.00		483,757
Sustainable California Libraries	5,418	5,418.00		-
DPS FY21/22 DOJ Community Oriented Policing (COPS) Micro Grant	20,304	6,355.00		13,949
SCVURPPP Contracting and Fiscal Agent - General Fund	55,000	15,751.00		39,249
Tasman Drive Temporary Lane Closure	23,420	11,581.00		11,839
Disease Prevention and Health Promotion	104,345	50,950.00		53,395
DPS State Homeland Security Program [SHSGP] Training Grants	7,404	7,404.00		-
Community Events & Neighborhood Grants	46,081	30,721.00		15,360
Annual State of the City	57,601	44,057.00		13,544
FY21/22 DPS EOC Laptop Replacement	11,924	8,962.00		2,962
DPS - Edward Byrne Memorial Justice Assistance Grant (JAG) Local F	21,794	1,293.00		20,501
DPS Police Services Contract Overtime	(7,579)	48,733.00		(56,312)
GIS Onetime Support	105,533	58,545.00		46,988
Sunnyvale Redistricting	(264)	-		(264)
Downtown Association	59,993	60,000.00		(7)
Silicon Valley Healthy Aging Partnership (SVHAP)	55,101	41,870.00		13,231
Office of Emergency Services	23,645	22,500.00		1,145
Code Enforcement Activities to Address Substandard Residential Prop	8,485	(38,011.00)		46,496
DPS Reimbursable Mutual Aid (Out of County)	(250)	43,764.00		(44,014)
Website Upgrades	16,706	13,600.00		3,106
DPS Office of Traffic Safety (OTS) Selective Traffic Enforcement Prog	173,289	61,294.00		111,995
Emergency Medical Dispatch First Responder Incentive Funding	381,911	46,012.00		335,899
Climate Action Plan Implementation	769,444	283,400.00		486,044
Creation of Objective Citywide and Specific Area Plan/Citywide Lands	-	1,734.00		(1,734)
Cultural Inclusion	72,719	38,374.00		34,345
Electronic Records Management System	220,407	113,012.00		107,395
2023 Housing Element Update	(6,952)	100,526.00		(107,478)
Temporary Housing for Unhoused Individuals	629,059	388,071.00		240,988
Engineering Services for Transportation Related Projects/Priorities	614,554	171,041.00		443,513
FY 2019/20 Recruitment and Training for Sworn Officers	(3,770)	1,055.00		(4,825)
FY22/23 Recruitment and Training Costs for Sworn Officers	5,834,372	3,202,183.00		2,632,189
FY 2020/21 Recruitment and Training for Sworn Officers	26,887	34,747.00		(7,860)
FY21/22 Recruitment and Training for Sworn Officers	4,820,665	1,531,722.00		3,288,943
Library Foundation Program Grant	48,608	950.00		47,658
Emergency Medical Services (EMS) Rural Metro Project Funding	12,417	15.00		12,402
Economic Development Strategy	10,248	3,785.00		6,463

Continued

CITY OF SUNNYVALE

General Fund Appropriations

Budgetary Comparisons

June 30, 2024

Orchard Heritage Park and Museum Analysis Study	76,480	131,368.00	(54,888)
DPS FY23/24 Recruitment and Training of Sworn Officers	5,194,904	1,346,323.00	3,848,581
Airplane Noise Monitoring System	5,040	3,920.00	1,120
Addition to the Heritage Resource Inventory of Sites Associated with T	34,011	11,603.00	22,408
DPS BSCC Officer Wellness Grant	139,012	78,971.00	60,041
Bicycle Improvements Planning Study	150,000	76,159.00	73,841
Sunnyvale Unity	15,000	1,510.00	13,490
Equity, Access, and Inclusion (EAI) Training	65,000	51,135.00	13,865
Bike Lanes on Hollenbeck Avenue between El Camino Real and Home	175,000	19,158.00	155,842
Assessment of Needs for Additional Outdoor Sports Programs and Faci	65,000	5,910.00	59,090
STEM Sunnyvale	71,312	60,212.00	11,100
Opioid Settlement Funds	137,760	3,300.00	134,460
2024 Real Property Transfer Tax Measure	40,000	33,000.00	7,000
Fourth of July Drone Show	100,000	82,024.00	17,976
Total Projects	48,544,651	14,826,164	\$ 33,718,487
Total Appropriations	\$ 292,603,596	\$ 256,217,420	\$ 36,386,176

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 ***Permanent Local Housing Allocation (PLHA) Grant Program Fund*** accounts for grant funds received from the State Department of Housing and Community Development. Funds are used for the development and rehabilitation of affordable housing, operating support for emergency shelter, street outreach for unsheltered residents, and accessibility modifications for lower-income households.

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

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

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

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

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

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

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

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Nonmajor Governmental Funds

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

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

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

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

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

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

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

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

CITY OF SUNNYVALE

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024**

	Special Revenue			
	Community Development Block Grant	HOME Grant	Permanent Local Housing Allocation Grant	Low and Moderate Income Housing Asset
Assets:				
Deposits and Investments Held by City	\$ 277,369	\$ 186,689	\$ 77,257	\$ 2,242,851
Deposits and Investments Held by Fiscal Agent	-	-		-
Receivables	-	2,778	-	20,025
Intergovernmental Receivables	320,331	422,101	-	-
Housing Loans Receivable	12,555,341	14,121,020	-	-
Total Assets	\$ 13,153,041	\$ 14,732,588	\$ 77,257	\$ 2,262,876
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 152,367	\$ 169,905	\$ -	\$ 46,786
Due to Other Funds	209,832	-	-	-
Total Liabilities	362,199	169,905	-	46,786
Deferred Inflows of Resources	3,829,284	4,410,772	-	-
Fund Balances:				
Fund Balances:	-	-	-	-
Restricted	8,961,558	10,151,911	77,257	2,216,090
Unassigned	-	-	-	-
Total Fund Balances	8,961,558	10,151,911	77,257	2,216,090
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 13,153,041	\$ 14,732,588	\$ 77,257	\$ 2,262,876

Continued

Special Revenue

Asset Forfeiture	Police Services Augmentation	Parking District	Gas Tax	Road Maintenance and Rehabilitation Account	Transportation Development Act
\$ 37,496	\$ 453,937	\$ 1,094,843	\$ 11,592,763	\$ 10,854,347	\$ -
-	-	-	-	-	-
77	2,753	6,461	74,627	60,754	-
-	230,073	602	366,035	703,025	-
-	-	-	-	-	-
<u>\$ 37,573</u>	<u>\$ 686,763</u>	<u>\$ 1,101,906</u>	<u>\$ 12,033,425</u>	<u>\$ 11,618,126</u>	<u>\$ -</u>
\$ -	\$ -	\$ 1,276	\$ 647,135	\$ 950,569	\$ -
-	-	-	-	-	-
-	-	1,276	647,135	950,569	-
-	230,073	-	-	-	-
-	-	-	-	-	-
37,573	456,690	1,100,630	11,386,290	10,667,557	-
-	-	-	-	-	-
<u>37,573</u>	<u>456,690</u>	<u>1,100,630</u>	<u>11,386,290</u>	<u>10,667,557</u>	<u>-</u>
<u>\$ 37,573</u>	<u>\$ 686,763</u>	<u>\$ 1,101,906</u>	<u>\$ 12,033,425</u>	<u>\$ 11,618,126</u>	<u>\$ -</u>

Continued

CITY OF SUNNYVALE

**Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2024**

	Special Revenue		
	VRF Local Road Improvement Program	2016 Measure B Santa Clara VTA	Employment Development
Assets:			
Deposits and Investments Held by City	\$ 5,068,467	\$ -	\$ 298
Deposits and Investments Held by Fiscal Agent	-	-	-
Receivables	30,858	-	-
Intergovernmental Receivables	13,854	1,107,215	1,834,787
Housing Loans Receivable	-	-	-
Total Assets	\$ 5,113,179	\$ 1,107,215	\$ 1,835,085
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 369,745	\$ 756,326	\$ 298,685
Due to Other Funds	-	423,364	1,436,538
Total Liabilities	369,745	1,179,690	1,735,223
Deferred Inflows of Resources	-	63,105	-
Fund Balances:			
Nonspendable	-	-	-
Restricted	4,743,434	-	99,862
Unassigned	-	(135,580)	-
Total Fund Balances	4,743,434	(135,580)	99,862
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,113,179	\$ 1,107,215	\$ 1,835,085

Continued

Permanent		Debt Sevice		Total Nonmajor Governmental Funds
Swirsky Youth Opportunity	Fremont Pool	Civic Center Lease Revenue Bonds		
\$ 548,587	\$ 1,068,274	\$ -	\$ 33,503,178	
-	-	22,743	22,743	
3,429	6,677	89	208,528	
-	-	-	4,998,023	
-	-	-	26,676,361	
<u>\$ 552,016</u>	<u>\$ 1,074,951</u>	<u>\$ 22,832</u>	<u>\$ 65,408,833</u>	
\$ -	\$ -	\$ -	\$ 3,392,794	
-	-	-	2,069,734	
-	-	-	5,462,528	
-	-	-	8,533,234	
552,016	1,074,951	-	1,626,967	
-	-	22,832	49,921,684	
-	-	-	(135,580)	
<u>552,016</u>	<u>1,074,951</u>	<u>22,832</u>	<u>51,413,071</u>	
<u>\$ 552,016</u>	<u>\$ 1,074,951</u>	<u>\$ 22,832</u>	<u>\$ 65,408,833</u>	

Concluded

CITY OF SUNNYVALE

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2024**

	Special Revenue			
	Community Development Block Grant	HOME Grant	Permanent Local Housing Allocation Grant	Low and Moderate Income Housing Asset
Revenues:				
Intergovernmental Revenues	\$ 898,331	\$ 622,828	\$ 577,257	\$ -
Service Fees	-	-	-	-
Investment Earnings	-	10,855	-	135,662
Other Revenues	24,702	84,826	-	-
Total Revenues	923,033	718,509	577,257	135,662
Expenditures:				
Current:				
Public Safety	-	-	-	-
Community Development	1,055,196	1,105,393	500,000	278,439
Public Works	-	-	-	-
NOVA Workforce Services	-	-	-	-
Capital Outlay	-	-	-	-
Debt Service:				
Principal Retirement	-	-	-	-
Interest	-	-	-	-
Total Expenditures	1,055,196	1,105,393	500,000	278,439
Excess of Revenues Over (Under) Expenditures	(132,163)	(386,884)	77,257	(142,777)
Other Financing Sources (Uses):				
Transfers In	-	-	-	-
Transfers Out	-	-	-	(1,000,000)
Total Other Financing Sources (Uses)	-	-	-	(1,000,000)
Net Change in Fund Balances	(132,163)	(386,884)	77,257	(1,142,777)
Fund Balances, Beginning of Year	9,093,721	10,538,795	-	3,358,867
Fund Balances - End of Year	\$ 8,961,558	\$ 10,151,911	\$ 77,257	\$ 2,216,090

Continued

Special Revenue

Asset Forfeiture	Police Services Augmentation	Parking District	Gas Tax	Road Maintenance and Rehabilitation Account	Transportation Development Act
\$ -	\$ 450,946	\$ -	\$ 4,226,788	\$ 4,033,924	\$ 4,595
-	-	241,660	-	-	-
550	20,722	49,374	841,984	240,508	-
-	-	35,729	-	-	-
<u>550</u>	<u>471,668</u>	<u>326,763</u>	<u>5,068,772</u>	<u>4,274,432</u>	<u>4,595</u>
16,734	319,271	-	-	-	-
-	-	-	-	-	-
-	-	157,173	888,207	-	-
-	-	-	-	-	-
-	-	626	2,120,910	1,964,143	4,595
-	-	-	-	-	-
-	-	-	-	-	-
<u>16,734</u>	<u>319,271</u>	<u>157,799</u>	<u>3,009,117</u>	<u>1,964,143</u>	<u>4,595</u>
<u>(16,184)</u>	<u>152,397</u>	<u>168,964</u>	<u>2,059,655</u>	<u>2,310,289</u>	<u>-</u>
-	-	-	-	-	-
-	-	(21,027)	(197,277)	-	-
-	-	(21,027)	(197,277)	-	-
<u>(16,184)</u>	<u>152,397</u>	<u>147,937</u>	<u>1,862,378</u>	<u>2,310,289</u>	<u>-</u>
<u>53,757</u>	<u>304,293</u>	<u>952,693</u>	<u>9,523,912</u>	<u>8,357,268</u>	<u>-</u>
<u>\$ 37,573</u>	<u>\$ 456,690</u>	<u>\$ 1,100,630</u>	<u>\$ 11,386,290</u>	<u>\$ 10,667,557</u>	<u>\$ -</u>

Continued

CITY OF SUNNYVALE

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2024**

	Special Revenue		
	VRF Local Road Improvement Program	2016 Measure B Santa Clara VTA	Employment Development
Revenues:			
Intergovernmental Revenues	\$ 1,172,160	\$ 4,266,147	10,284,898
Service Fees	-	-	-
Investment Earnings	120,967	-	-
Other Revenues	-	-	115,114
Total Revenues	1,293,127	4,266,147	10,400,012
Expenditures:			
Current:			
Public Safety	-	-	-
Community Development	-	-	-
Public Works	-	78,570	-
NOVA Workforce Services	-	-	9,905,637
Capital Outlay	766,540	3,615,538	-
Debt Service:			
Principal Retirement	-	-	-
Interest	-	-	-
Total Expenditures	766,540	3,694,108	9,905,637
Excess of Revenues Over (Under) Expenditures	526,587	572,039	494,375
Other Financing Sources (Uses):			
Transfers In	-	-	-
Transfers Out	-	-	(455,755)
Total Other Financing Sources (Uses)	-	-	(455,755)
Net Change in Fund Balances	526,587	572,039	38,620
Fund Balances, Beginning of Year	4,216,847	(707,619)	61,242
Fund Balances - End of Year	\$ 4,743,434	\$ (135,580)	\$ 99,862

Continued

Permanent		Debt Service	Total Nonmajor Governmental Funds
Swirsky Youth Opportunity	Fremont Pool	Civic Center Lease Revenue Bonds	
\$ -	\$ -	\$ -	\$ 26,537,874
-	-	-	241,660
13,554	26,394	7,685	1,468,255
-	-	-	260,371
<u>13,554</u>	<u>26,394</u>	<u>7,685</u>	<u>28,508,160</u>
-	-	-	336,005
-	-	-	2,939,028
-	-	-	1,123,950
-	-	-	9,905,637
-	-	-	8,472,352
-	-	2,455,000	2,455,000
-	-	5,055,425	5,055,425
-	-	<u>7,510,425</u>	<u>30,287,397</u>
<u>13,554</u>	<u>26,394</u>	<u>(7,502,740)</u>	<u>(1,779,237)</u>
-	-	7,525,572	7,525,572
<u>(13,554)</u>	<u>(26,394)</u>	<u>-</u>	<u>(1,714,007)</u>
<u>(13,554)</u>	<u>(26,394)</u>	<u>7,525,572</u>	<u>5,811,565</u>
-	-	22,832	4,032,328
<u>552,016</u>	<u>1,074,951</u>	<u>-</u>	<u>47,380,743</u>
<u>\$ 552,016</u>	<u>\$ 1,074,951</u>	<u>\$ 22,832</u>	<u>\$ 51,413,071</u>

Concluded

CITY OF SUNNYVALE

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

	Community Development Block Grant			HOME Grant		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
Revenues:						
Intergovernmental Revenues	\$ 1,817,792	\$ 898,331	\$ (919,461)	\$ 3,609,993	\$ 622,828	\$ (2,987,165)
Service Fees	-	-	-	-	-	-
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	-	-	-	74,100	10,855	(63,245)
Other Revenues	116,216	24,702	(91,514)	88,762	84,826	(3,936)
Total Revenues	1,934,008	923,033	(1,010,975)	3,772,855	718,509	(3,054,346)
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	1,514,877	1,055,196	459,681	1,561,962	1,105,393	456,569
Public Works	-	-	-	-	-	-
Library and Recreation Services	-	-	-	-	-	-
NOVA Workforce Services	-	-	-	-	-	-
Capital Outlay and Special Projects	-	-	-	-	-	-
Total Expenditures	1,514,877	1,055,196	459,681	1,561,962	1,105,393	456,569
Excess of Revenues Over (Under) Expenditures	419,131	(132,163)	(551,294)	2,210,893	(386,884)	(2,597,777)
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	(98,057)	-	98,057	(25,076)	-	25,076
Total Other Financing Sources (Uses)	(98,057)	-	98,057	(25,076)	-	25,076
Net Change in Fund Balances	\$ 321,074	(132,163)	\$ (453,237)	\$ 2,185,817	(386,884)	\$ (2,572,701)
Fund Balances - Beginning of Year		9,093,721			10,538,795	
Fund Balances - End of Year		\$ 8,961,558			\$ 10,151,911	

Continued

Permanent Local Housing Allocation Grant			Low and Moderate Income Housing Asset		
Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Favorable (Unfavorable)
\$ 2,273,226	\$ 577,257	\$ (1,695,969)	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	124,250	89,396	(34,854)
-	-	-	-	-	-
<u>2,273,226</u>	<u>577,257</u>	<u>(1,695,969)</u>	<u>124,250</u>	<u>89,396</u>	<u>(34,854)</u>
-	-	-	-	-	-
2,273,226	500,000	1,773,226	295,220	278,439	(16,781)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,273,226</u>	<u>500,000</u>	<u>1,773,226</u>	<u>295,220</u>	<u>278,439</u>	<u>(16,781)</u>
-	77,257	77,257	(170,970)	(189,043)	(18,073)
-	-	-	-	-	-
-	-	-	(1,013,076)	(1,000,000)	13,076
-	-	-	(1,013,076)	(1,000,000)	13,076
<u>\$ -</u>	<u>77,257</u>	<u>\$ 77,257</u>	<u>\$ (1,184,046)</u>	<u>(1,189,043)</u>	<u>\$ (4,997)</u>
	-			3,358,867	
	<u>\$ 77,257</u>			<u>\$ 2,169,824</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, 2024**

	Asset Forfeiture			Police Services Augmentation		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
Revenues:						
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ 461,340	\$ 450,946	\$ (10,394)
Service Fees	-	-	-	-	-	-
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	-	344	344	11,467	12,292	825
Other Revenues	-	-	-	-	-	-
Total Revenues	-	344	344	472,807	463,238	(9,569)
Expenditures:						
Current:						
Public Safety	16,733	16,734	(1)	427,681	319,271	108,410
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Library and Recreation Services	-	-	-	-	-	-
NOVA Workforce Services	-	-	-	-	-	-
Capital Outlay and Special Projects	-	-	-	-	-	-
Total Expenditures	16,733	16,734	(1)	427,681	319,271	108,410
Excess of Revenues Over (Under) Expenditures	(16,733)	(16,390)	343	45,126	143,967	98,841
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balances	\$ (16,733)	(16,390)	\$ 343	\$ 45,126	143,967	\$ 98,841
Fund Balances - Beginning of Year		53,757			304,293	
Fund Balances - End of Year		\$ 37,367			\$ 448,260	

Continued

Parking District			Gas Tax		
Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
\$ -	\$ -	\$ -	\$ 4,199,338	\$ 4,226,788	\$ 27,450
241,102	241,660	558	-	-	-
-	-	-	-	-	-
36,540	28,841	(7,699)	344,901	363,872	18,971
28,800	35,729	6,929	-	-	-
<u>306,442</u>	<u>306,230</u>	<u>(212)</u>	<u>4,544,239</u>	<u>4,590,660</u>	<u>46,421</u>
-	-	-	-	-	-
-	-	-	-	-	-
177,287	157,173	20,114	3,088,939	888,207	2,200,732
-	-	-	-	-	-
-	-	-	-	-	-
154,892	626	154,266	8,265,399	2,120,910	6,144,489
<u>332,179</u>	<u>157,799</u>	<u>174,380</u>	<u>11,354,338</u>	<u>3,009,117</u>	<u>8,345,221</u>
<u>(25,737)</u>	<u>148,431</u>	<u>174,168</u>	<u>(6,810,099)</u>	<u>1,581,543</u>	<u>8,391,642</u>
-	-	-	-	-	-
<u>(55,696)</u>	<u>(21,027)</u>	<u>34,669</u>	<u>(157,564)</u>	<u>(197,277)</u>	<u>(39,713)</u>
<u>(55,696)</u>	<u>(21,027)</u>	<u>34,669</u>	<u>(157,564)</u>	<u>(197,277)</u>	<u>(39,713)</u>
<u>\$ (81,433)</u>	<u>127,404</u>	<u>\$ 208,837</u>	<u>\$ (6,967,663)</u>	<u>1,384,266</u>	<u>\$ 8,351,929</u>
	952,693			9,523,912	
	<u>\$ 1,080,097</u>			<u>\$ 10,908,178</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, 2024**

	Road Maintenance and Rehabilitation			Transportation Development Act		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
Revenues:						
Intergovernmental Revenues	\$ 3,761,168	\$ 4,033,924	\$ 272,756	\$ 176,620	\$ 4,595	\$ (172,025)
Service Fees	-	-	-	-	-	-
Rents and Concessions	-	-	-	-	-	-
Investment Earnings	167,145	240,508	73,363	-	-	-
Other Revenues	-	-	-	-	-	-
Total Revenues	3,928,313	4,274,432	346,119	176,620	4,595	(172,025)
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	176,620	-	176,620
Library and Recreation Services	-	-	-	-	-	-
NOVA Workforce Services	-	-	-	-	-	-
Capital Outlay and Special Projects	10,191,381	1,964,143	8,227,238	215,070	4,595	210,475
Total Expenditures	10,191,381	1,964,143	8,227,238	391,690	4,595	387,095
Excess of Revenues Over (Under) Expenditures	(6,263,068)	2,310,289	8,573,357	(215,070)	-	215,070
Other Financing Sources (Uses):						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-
Net Change in Fund Balances	\$ (6,263,068)	2,310,289	\$ 8,573,357	\$ (215,070)	-	\$ 215,070
Fund Balances - Beginning of Year		8,357,268			-	
Fund Balances - End of Year		\$ 10,667,557			\$ -	

VRF Local Road Improvement Program		
Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
\$ 1,776,306	\$ 1,172,160	\$ (604,146)
-	-	-
-	-	-
84,337	120,967	36,630
-	-	-
<u>1,860,643</u>	<u>1,293,127</u>	<u>(567,516)</u>
-	-	-
-	-	-
-	-	-
-	-	-
6,206,747	766,540	5,440,207
<u>6,206,747</u>	<u>766,540</u>	<u>5,440,207</u>
<u>(4,346,104)</u>	<u>526,587</u>	<u>4,872,691</u>
-	-	-
-	-	-
-	-	-
<u>\$ (4,346,104)</u>	<u>526,587</u>	<u>\$ 4,872,691</u>
	<u>4,216,847</u>	
	<u>\$ 4,743,434</u>	

2016 Measure B Santa Clara VTA		
Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
\$ 30,983,435	\$ 4,266,147	\$ (26,717,288)
-	-	-
-	-	-
-	-	-
-	-	-
<u>30,983,435</u>	<u>4,266,147</u>	<u>(26,717,288)</u>
-	-	-
-	-	-
591,170	78,570	512,600
-	-	-
-	-	-
38,345,655	3,615,538	34,730,117
<u>38,936,825</u>	<u>3,694,108</u>	<u>35,242,717</u>
<u>(7,953,390)</u>	<u>572,039</u>	<u>8,525,429</u>
-	-	-
-	-	-
-	-	-
<u>\$ (7,953,390)</u>	<u>572,039</u>	<u>\$ 8,525,429</u>
	<u>(707,619)</u>	
	<u>\$ (135,580)</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, 2024**

	Employment Development			Youth And Neighborhood Services Fund**		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
Revenues:						
Intergovernmental Revenues	\$ 10,500,000	\$ 10,284,898	\$ (215,102)	\$ 283,170	\$ 229,971	\$ (53,199)
Service Fees	-	-	-	13,000	15,363	2,363
Rents and Concessions	-	-	-	125,000	149,293	24,293
Investment Earnings	-	-	-	11,513	10,699	(814)
Other Revenues	-	115,114	115,114	-	38,385	38,385
Total Revenues	10,500,000	10,400,012	(99,988)	432,683	443,711	11,028
Expenditures:						
Current:						
Public Safety	-	-	-	-	-	-
Community Development	-	-	-	-	-	-
Public Works	-	-	-	-	-	-
Library and Recreation Services	-	-	-	973,476	1,032,936	(59,460)
NOVA Workforce Services	12,402,331	9,905,637	2,496,694	-	-	-
Capital Outlay and Special Projects	-	-	-	-	-	-
Total Expenditures	12,402,331	9,905,637	2,496,694	973,476	1,032,936	(59,460)
Excess of Revenues Over (Under) Expenditures	(1,902,331)	494,375	2,396,706	(540,793)	(589,225)	(48,432)
Other Financing Sources (Uses):						
Transfers In	-	-	-	459,476	669,483	210,007
Transfers Out	(1,646,983)	(455,755)	1,191,228	(121,833)	-	121,833
Total Other Financing Sources (Uses)	(1,646,983)	(455,755)	1,191,228	337,643	669,483	331,840
Net Change in Fund Balances	\$ (3,549,314)	38,620	\$ 3,587,934	\$ (203,150)	80,258	\$ 283,408
Fund Balances - Beginning of Year		61,242			(12,838)	
Fund Balances - End of Year		\$ 99,862			\$ 67,420	

Concluded

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

*Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 Nonmajor Debt Service Fund
 Year Ended June 30, 2024*

	Civic Center Lease Revenue Bonds		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
Expenditures:			
Principal Retirement	-	2,455,000	(2,455,000)
Interest	\$ -	\$ 5,055,425	\$ (5,055,425)
Other Financing Sources:			
Transfers in	-	7,525,572	(7,525,572)
Net Change in Fund Balances	<u>-</u>	<u>22,832</u>	<u>(7,462)</u>
Fund Balances - Beginning of Year		-	
Fund Balances - End of Year		<u>\$ 22,832</u>	

**Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Permanent Funds
Year Ended June 30, 2024**

	Swirsky Youth Opportunity			Fremont Pool		
	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)	Budget	Actual Amounts (Budgetary Basis)	Variance Positive (Negative)
Revenues:						
Investment Earnings	\$ 22,081	\$ 13,554	\$ (8,527)	\$ 42,998	\$ 26,394	\$ (16,604)
Other revenues	-	-	-	-	-	-
Total Revenues	<u>22,081</u>	<u>13,554</u>	<u>(8,527)</u>	<u>42,998</u>	<u>26,394</u>	<u>(16,604)</u>
Other Financing Sources (Uses):						
Transfers Out	(22,081)	(13,554)	8,527	(42,998)	(26,394)	16,604
Total Other Financing Sources (Uses)	<u>(22,081)</u>	<u>(13,554)</u>	<u>8,527</u>	<u>(42,998)</u>	<u>(26,394)</u>	<u>16,604</u>
Change in Fund Balances	-	-	-	-	-	-
Net Change in Fund Balances	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balances - Beginning of Year		552,016			1,074,951	
Fund Balances - End of Year		<u>\$ 552,016</u>			<u>\$ 1,074,951</u>	

Internal Service Funds

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

The ***Employee Payroll & Benefits Fund*** accounts for charges to City departments for leave time and employee benefits on a cost reimbursement basis.

The ***Property and Liability Insurance Fund*** accounts for charges to City departments for property and liability insurance on a cost reimbursement basis.

**Combining Statement of Net Position
All Internal Service Funds
June 30, 2024**

	<u>General Services</u>	<u>Employee Payroll & Benefits</u>	<u>Property and Liability Insurance</u>	<u>Totals</u>
Assets:				
Current Assets:				
Deposits and Investments Held by City	\$ 13,879,239	\$ 39,378,455	\$ 266,495	\$ 53,524,189
Receivables	143,964	445,656	8,624	598,244
Inventories and Prepaid Items	3,183,171	221,089	-	3,404,260
Restricted Assets:				
Deposits and Investments Held by Fiscal Agent and Trustee	-	21,215,354	-	21,215,354
Total Current Assets	<u>17,206,374</u>	<u>61,260,554</u>	<u>275,119</u>	<u>78,742,047</u>
Non-current Assets:				
Receivables from Employes (Note 6)	-	5,698,544	-	5,698,544
Land & Nondepreciable Assets	48,557	-	-	48,557
Depreciable Buildings, Property, Equipment and Infrastructure, Net	40,021,531	-	-	40,021,531
Total Assets	<u>57,276,462</u>	<u>66,959,098</u>	<u>275,119</u>	<u>124,510,679</u>
Deferred Outflows of Resources	<u>10,445,978</u>	<u>1,137,538</u>	<u>70,495</u>	<u>11,654,011</u>
Liabilities:				
Current Liabilities:				
Wages Payable	-	2,780,020	-	2,780,020
Accounts Payable and Accrued Liabilities	1,170,717	1,004,153	144,245	2,319,115
Interest Payable	61,383	-	-	61,383
Subscriptions	1,495,337	-	-	1,495,337
Claims and Judgments Payable - Due Within One Year	-	5,267,951	733,167	6,001,118
Compensated Absences Payable - Due Within One Year	-	15,195,350	-	15,195,350
Total Current Liabilities	<u>2,727,437</u>	<u>24,247,474</u>	<u>877,412</u>	<u>27,852,323</u>
Noncurrent Liabilities:				
Subscriptions	1,736,754	-	-	1,736,754
Claims and Judgments Payable- Due in More than One Year	-	14,449,049	2,868,833	17,317,882
Compensated Absences Payable - Due in More than One Year	-	5,131,395	-	5,131,395
Net Pension Liability	27,228,001	1,680,122	277,789	29,185,912
Net OPEB Liability	2,221,884	109,342	38,399	2,369,625
Total Noncurrent Liabilities	<u>31,186,639</u>	<u>21,369,908</u>	<u>3,185,021</u>	<u>55,741,568</u>
Total Liabilities	<u>33,914,076</u>	<u>45,617,382</u>	<u>4,062,433</u>	<u>83,593,891</u>
Deferred Inflows of Resources	<u>1,693,252</u>	<u>118,304</u>	<u>9,869</u>	<u>1,821,425</u>
Net Position				
Net Investment in Capital Assets	36,837,997	-	-	36,837,997
Unrestricted	(4,722,885)	22,360,950	(3,726,688)	13,911,377
Net Position	<u>\$ 32,115,112</u>	<u>\$ 22,360,950</u>	<u>\$ (3,726,688)</u>	<u>\$ 50,749,374</u>

**Combining Statement of Revenues, Expenses, and Changes in Net Position
All Internal Service Funds
June 30, 2024**

	General Services	Employee Payroll & Benefits	Property and Liability Insurance	Totals
Operating Revenues:				
Charges for Services	\$ 33,262,431	\$ 95,277,047	\$ 5,722,624	\$ 134,262,102
Operating Expenses:				
Personnel Services	17,670,872	12,672,808	129,186	30,472,866
Contractual Services	7,191,599	-	209,554	7,401,153
Material and Supplies	6,285,761	-	-	6,285,761
Utilities	2,879,589	-	-	2,879,589
Equipment and Building Rental	2,348,355	-	8,773	2,357,128
Insurance Premiums and Claims	-	22,348,572	6,251,871	28,600,443
Retirement Premiums	-	50,835,351	-	50,835,351
Other Operating Expenses	678,717	207	-	678,924
Depreciation	4,587,162	-	-	4,587,162
Total Operating Expenses	<u>41,642,055</u>	<u>85,856,938</u>	<u>6,599,384</u>	<u>134,098,377</u>
Operating Income (Loss)	<u>(8,379,624)</u>	<u>9,420,109</u>	<u>(876,760)</u>	<u>163,725</u>
Nonoperating Revenues:				
Investment Earnings (Loss)	645,375	3,253,713	26,304	3,925,392
Interest Expense	(95,186)	-	-	(95,186)
Total Nonoperating Revenues	<u>550,189</u>	<u>3,253,713</u>	<u>26,304</u>	<u>3,830,206</u>
Income (Loss) before Transfers	(7,829,435)	12,673,822	(850,456)	3,993,931
Transfers In	11,744,952	-	-	11,744,952
Transfers Out	(4,816,055)	(1,368,126)	-	(6,184,181)
Change in Net Position	(900,538)	11,305,696	(850,456)	9,554,702
Net Position (Deficit) - Beginning of Year	33,015,650	11,055,254	(2,876,232)	41,194,672
Net Position (Deficit) - End of Year	<u>\$ 32,115,112</u>	<u>\$ 22,360,950</u>	<u>\$ (3,726,688)</u>	<u>\$ 50,749,374</u>

CITY OF SUNNYVALE

**Combining Statement of Cash Flows
All Internal Service Funds
Year Ended June 30, 2024**

	<u>General Services</u>	<u>Employee Payroll & Benefits</u>	<u>Property and Liability Insurance</u>	<u>Totals</u>
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 724,916	\$ 131,942	\$ -	\$ 856,858
Cash Received from Interfund Services Provided	32,551,289	92,428,272	5,718,819	130,698,380
Cash Payments to Suppliers of Goods and Services	(19,172,380)	(49,942,308)	(105,459)	(69,220,147)
Cash Payments for Employee Services	(16,960,517)	(13,267,738)	(124,027)	(30,352,282)
Insurance and Claims Paid	-	(22,628,572)	(5,494,871)	(28,123,443)
Net Cash Provided by (Used for) Operating Activities	<u>(2,856,692)</u>	<u>6,721,596</u>	<u>(5,538)</u>	<u>3,859,366</u>
Cash Flows from Noncapital Financing Activities:				
Transfers In	11,744,952	-	-	11,744,952
Transfers Out	(4,816,055)	(1,368,126)	-	(6,184,181)
Net Cash Provided by Noncapital Financing Activities	<u>6,928,897</u>	<u>(1,368,126)</u>	<u>-</u>	<u>5,560,771</u>
Cash Flows from Capital and Related Financing Activities:				
Principal Paid on Subscription Liabilities	(1,298,134)	-	-	(1,298,134)
Interest Paid on Long-Term Debt	(115,933)	-	-	(115,933)
Acquisition and Construction of Capital Assets	(4,616,064)	-	-	(4,616,064)
Net Cash Used for Capital and Related Financing Activities	<u>(6,030,131)</u>	<u>-</u>	<u>-</u>	<u>(6,030,131)</u>
Cash Flows from Investing Activities:				
Interest (Loss) on Investments	645,375	3,253,713	26,304	3,925,392
Net Cash Provided by (Used for) Investing Activities	<u>645,375</u>	<u>3,253,713</u>	<u>26,304</u>	<u>3,925,392</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,312,551)	8,607,183	20,766	7,315,398
Cash and Cash Equivalents - Beginning of Year	<u>15,191,790</u>	<u>51,986,626</u>	<u>245,729</u>	<u>67,424,145</u>
Cash and Cash Equivalents - End of Year	<u>\$ 13,879,239</u>	<u>\$ 60,593,809</u>	<u>\$ 266,495</u>	<u>\$ 74,739,543</u>
Reconciliation to Statement of Net Position:				
Cash and Investments Held by City	\$ 13,879,239	\$ 39,378,455	\$ 266,495	\$ 53,524,189
Cash and Investments Held by Fiscal Agent and Trustee	-	21,215,354	-	21,215,354
Total Cash and Investments	<u>\$ 13,879,239</u>	<u>\$ 60,593,809</u>	<u>\$ 266,495</u>	<u>\$ 74,739,543</u>

Continued

CITY OF SUNNYVALE

**Combining Statement of Cash Flows
All Internal Service Funds
Year Ended June 30, 2024**

	<u>General Services</u>	<u>Employee Payroll & Benefits</u>	<u>Property and Liability Insurance</u>	<u>Totals</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	\$ (8,379,624)	\$ 9,420,109	\$ (876,760)	\$ 163,725
Adjustment to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Depreciation	4,587,162	-	-	4,587,162
Changes in Assets, Deferred Outflows, Liabilities and Deferred Inflows:				
Receivables	13,774	(2,716,833)	(3,805)	(2,706,864)
Inventories and Prepayments	76,760	(7,648)	-	69,112
Refundable Deposits	-	-	-	-
Accounts Payable and Accrued Liabilities	134,881	900,898	112,868	1,148,647
Wages Payable	-	365,507	-	365,507
Claims and Judgments Payable	-	(280,000)	757,000	477,000
Compensated Absences Payable	-	(1,527,402)	-	(1,527,402)
Deferred Outflows Related to Pensions and OPEB	904,014	526,854	6,912	1,437,780
Deferred Inflows Related to Pensions and OPEB	(702,177)	(33,520)	(4,433)	(740,130)
Net Pension Liability	1,264,962	140,609	6,670	1,412,241
Net OPEB Liability	(756,444)	(66,978)	(3,990)	(827,412)
Net Cash Provided (Used) by Operating Activities	<u>\$ (2,856,692)</u>	<u>\$ 6,721,596</u>	<u>\$ (5,538)</u>	<u>\$ 3,859,366</u>

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Fiduciary Fund Financial Statements

Private Purpose Trust Funds:

Redevelopment Successor Agency Trust Fund is used to report resources held and administered under trust or similar arrangement for the benefits of individuals, private organizations or other governments. The City elected to serve as the Redevelopment Successor Agency (RSA) of the former Redevelopment Agency. The RSA is controlled by the Oversight Board whose members represent various taxing entities of the Town Center Redevelopment Project area.

CFD 3 Estates at Sunnyvale Trust Fund is used to report resources held and administered for the Community Facility District (CFD) No. 3 (Estates at Sunnyvale).

Custodial Funds:

The ***Community Facilities District No. 1 Fund*** accounts for the collection of property taxes and the payments to bondholders of Community Facilities District Special Tax Bonds.

The ***Santa Clara Valley Urban Runoff Pollution Prevention Program (SCVURPPP) Fund*** accounts for the collection of annual member assessments and payments to cover the cost of programmatic activities related to implementing the National Pollution Discharge Elimination System (NPDES) permit issued to the cities in Santa Clara County and the Santa Clara Valley Water District that discharge storm water to the San Francisco Bay.

The ***NOVAworks Foundation Fund*** accounts for the funds contributed by donation funding to establish a separate public agency, pursuing innovative research and implementation opportunities that promote economic well-being and equity for workers and complements the workforce development mission of NOVAworks.

**Combining Statement of Fiduciary Net Position
Fiduciary Funds - Private-Purpose Trust Funds
June 30, 2024**

	CFD No. 3 (Estates at Sunnyvale) Private-Purpose Trust Fund	Redevelopment Successor Agency Private-Purpose Trust Fund	Total Private-Purpose Trust Funds
Assets:			
Deposits and Investments in City Treasury Pool	\$ 69,307	\$ 15,038	\$ 84,345
Deposits and Investments not in City Treasury Pool	-	202,369	202,369
Receivables	1,093	12,456,326	12,457,419
Capital Assets:			
Land and Nondepreciable Assets	-	13,959,752	13,959,752
Total Assets	<u>70,400</u>	<u>26,633,485</u>	<u>26,703,885</u>
Liabilities:			
Accounts Payable and Accrued Liabilities	745	-	745
Long-term Obligations :			
Due Within One Year	-	70,000	70,000
Due in More Than One Year	-	40,232,123	40,232,123
Total Liabilities	<u>745</u>	<u>40,302,123</u>	<u>40,302,868</u>
Net Position:			
Held in Trust for Private Purpose	<u>\$ 69,655</u>	<u>\$ (13,668,638)</u>	<u>\$ (13,598,983)</u>

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Private-Purpose Trust Funds
Year Ended June 30, 2024**

	CFD No. 3 (Estates at Sunnyvale) Private-Purpose Trust Fund	Redevelopment Successor Agency Private-Purpose Trust Fund	Total Private-Purpose Trust Funds
Additions:			
Special Tax Collected	\$ 32,039	\$ -	\$ 32,039
Investment Earnings	2,454	10,154	12,608
Total Additions	<u>34,493</u>	<u>10,154</u>	<u>44,647</u>
Deductions:			
Projects Management	102,530	8,093	110,623
City Loan Interest Added to Loan Principal	-	465,537	465,537
Fiscal Agent Trustee Fees	-	8,989	8,989
Administrative Expenses	-	48,034	48,034
Total Deductions	<u>102,530</u>	<u>530,653</u>	<u>633,183</u>
Change in Net Position	<u>(68,037)</u>	<u>(520,499)</u>	<u>(588,536)</u>
Net Position, Beginning of Year	<u>137,692</u>	<u>(13,148,139)</u>	<u>(13,010,447)</u>
Net Position, End of Year	<u><u>\$ 69,655</u></u>	<u><u>\$ (13,668,638)</u></u>	<u><u>\$ (13,598,983)</u></u>

**Combining Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Funds
June 30, 2024**

	CFD No. 1 (Community Facilities District No. 1)	SCVURPPP (Santa Clara Valley Urban Runoff Pollution Prevention Program)	NOVAworks Foundation	Total Custodial Funds
Assets:				
Deposits and Investments in City Treasury Pool	\$ 2,069,804	\$ -	\$ -	\$ 2,069,804
Deposits and Investments not in City Treasury Pool	-	2,116,548	1,094,280	3,210,828
Deposits and Investments Held by Fiscal Agent	1,913,620	-	-	1,913,620
Receivables	53,202	-	-	53,202
Total Assets	<u>4,036,626</u>	<u>2,116,548</u>	<u>1,094,280</u>	<u>7,247,454</u>
Net Position:				
Held for other agencies	<u>\$ 4,036,626</u>	<u>\$ 2,116,548</u>	<u>\$ 1,094,280</u>	<u>\$ 7,247,454</u>

**Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
Year Ended June 30, 2024**

	CFD No. 1 (Community Facilities District No. 1)	SCVURPPP (Santa Clara Valley Urban Runoff Pollution Prevention Program)	NOVAworks Foundation	Total Custodial Funds
Additions:				
Special Tax Collected	\$ 1,591,742	\$ -	\$ -	\$ 1,591,742
Contributions from Participating Government Agencies	-	5,748,788	-	5,748,788
Contributions from Non-Government Agencies	-	-	113,671	113,671
Investment Earnings	113,460	-	-	113,460
Total Additions	<u>1,705,202</u>	<u>5,748,788</u>	<u>113,671</u>	<u>7,567,661</u>
Deductions:				
Debt Services Payments	1,715,825	-	-	1,715,825
Program Expenses	-	154,140	-	154,140
Agreements, Fees and Monitoring	-	4,983,255	-	4,983,255
Administrative Expenses	7,024	-	236,809	243,833
Total Deductions	<u>1,722,849</u>	<u>5,137,395</u>	<u>236,809</u>	<u>7,097,053</u>
Change in Net Position	(17,647)	611,393	(123,138)	470,608
Net Position:				
Beginning of Year	<u>4,054,273</u>	<u>1,505,155</u>	<u>1,217,418</u>	<u>6,776,846</u>
End of Year	<u>\$ 4,036,626</u>	<u>\$ 2,116,548</u>	<u>\$ 1,094,280</u>	<u>\$ 7,247,454</u>

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Statistical Section (Unaudited)

This portion of the City of Sunnyvale's annual comprehensive financial report presents detailed information as a context for understanding what information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial activities and performance.

Contents	Page
<i>Financial Trends</i> These schedules contain trend information to help the reader understand how the City's financial performance and fiscal well being have changed over time.	217-223
<i>Revenue Capacity</i> These schedules present information to assist the reader in assessing the City's most significant local revenue source, the property tax.	224-228
<i>Debt Capacity</i> These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	229-232
<i>Demographic and Economic Information</i> These schedules present demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	233-235
<i>Operating Information</i> These schedules contain service and infrastructure data to assist the reader in understanding how the information in the City's financial report relates to the services the City provides and the activities it performs.	236-237

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental Activities										
Net Investment in Capital Assets	\$ 745,294	\$ 711,927	\$ 681,963	\$ 578,405	\$ 528,996	\$ 478,865	\$ 471,295	\$ 459,015	\$ 453,364	\$ 435,271
Restricted	419,162	422,491	374,668	329,084	347,627	316,350	288,199	232,876	189,436	153,631
Unrestricted ²	(21,248)	(27,438)	(38,065)	(104,838)	(81,803)	(59,819)	(109,823)	(4,091)	(13,422)	(46,498)
Total Governmental Activities Net Position	\$ 1,143,208	\$ 1,106,980	\$ 1,018,566	\$ 802,651	\$ 794,820	\$ 735,396	\$ 649,671	\$ 687,800	\$ 629,378	\$ 542,404
Business-type activities										
Net Investment in Capital Assets	\$ 249,310	\$ 207,336	\$ 175,054	\$ 161,882	\$ 159,176	\$ 153,121	\$ 133,615	\$ 116,934	\$ 101,526	\$ 90,914
Restricted	8,357	6,626	5,271	5,271	5,271	5,271	5,271	5,271	-	-
Unrestricted ²	171,558	200,660	204,463	154,804	130,935	75,471	31,693	6,185	(2,906)	(16,659)
Total Business-Type Activities Net Position	\$ 429,225	\$ 414,622	\$ 384,788	\$ 321,957	\$ 295,382	\$ 233,863	\$ 170,579	\$ 128,390	\$ 98,620	\$ 74,255
Primary Government										
Net Investment in Capital Assets	\$ 994,604	\$ 919,263	\$ 857,017	\$ 740,287	\$ 688,172	\$ 631,986	\$ 604,910	\$ 575,949	\$ 554,890	\$ 526,185
Restricted	427,519	429,117	379,939	334,355	352,898	321,621	293,470	238,147	189,436	153,631
Unrestricted ²	150,310	173,222	166,398	49,966	49,132	15,652	(78,130)	2,094	(16,328)	(63,157)
Total Primary Government Net Position	\$ 1,572,433	\$ 1,521,602	\$ 1,403,354	\$ 1,124,608	\$ 1,090,202	\$ 969,259	\$ 820,250	\$ 816,190	\$ 727,998	\$ 616,659

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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Expenses:										
Governmental Activities:										
Planning and Management	\$ 31,738	\$ 23,263	\$ 18,261	\$ 18,959	\$ 17,074	\$ 15,766	\$ 17,961	\$ 13,342	\$ 9,548	\$ 19,431
Public Safety	131,566	115,049	86,275	113,535	122,840	111,998	106,371	94,623	83,058	82,086
Community Development	16,255	8,671	10,341	8,182	22,849	21,901	20,562	17,676	18,025	16,351
Public Works	50,891	48,313	35,280	35,464	21,887	19,179	23,958	18,157	15,950	17,022
Environmental Services	4,722	3,581	2,495	2,668	3,653	3,178	2,455	1,248	1,864	913
Library and Recreation Services	26,834	23,602	20,525	18,698	19,784	18,920	19,118	17,628	16,194	17,216
NOVA Workforce Services	10,364	8,757	5,876	9,040	11,939	12,019	13,260	11,776	11,548	8,919
Interest on Long-term Debt	4,510	4,603	4,525	3,813	382	467	504	494	473	573
Total Governmental Activities	276,880	235,839	183,578	210,359	220,408	203,428	204,189	174,944	156,660	162,511
Business-Type Activities:										
Water Supply and Distribution	63,427	54,257	50,104	51,097	50,466	48,034	46,296	44,104	36,294	29,303
Wastewater Management	44,396	41,286	32,257	33,635	30,477	31,390	29,664	26,645	24,237	22,353
Solid Waste Management	61,418	57,419	49,509	44,397	45,134	43,969	40,748	40,734	39,357	36,576
SMaRT Station	29,866	27,709	26,251	27,070	29,304	29,050	28,098	28,056	27,202	27,389
Development	20,159	19,055	13,732	16,435	16,680	15,774	13,447	10,980	8,945	7,671
Golf & Tennis Operations or Community Recreation	6,539	5,536	4,654	4,987	5,900	5,565	4,799	4,184	3,636	3,473
Total Business-Type Activities	225,805	205,262	176,507	177,621	177,961	173,782	163,052	154,703	139,671	126,765
Total Primary Government Expenses	\$ 502,685	\$ 441,101	\$ 360,085	\$ 387,980	\$ 398,369	\$ 377,210	\$ 367,241	\$ 329,647	\$ 296,331	\$ 289,276
Program Revenues:										
Governmental Activities:										
Charges for Services										
Planning and Management	\$ 938	\$ 1,057	\$ 1,164	\$ 722	\$ 467	\$ 316	\$ 607	\$ 478	\$ 278	\$ 563
Public Safety	4,309	4,147	4,144	3,441	4,494	4,705	4,301	3,827	3,716	3,713
Community Development	5,543	52,346	73,002	8,438	42,460	26,917	47,359	30,861	35,141	12,464
Public Works	1,665	4,208	12,710	2,724	5,526	5,252	8,510	3,004	4,162	3,157
Environmental Management	31	93	-	-	9	1	-	-	1	-
Library and Recreation Services	6,666	5,901	4,645	2,093	3,197	5,114	4,731	4,770	4,871	4,674
NOVA Workforce Services	-	-	-	-	402	269	100	112	98	110
Operating Grants and Contributions	22,534	16,025	67,108	18,152	18,324	17,530	19,314	19,932	18,767	15,616
Capital Grants and Contributions	21,842	31,497	71,218	19,615	16,296	12,256	14,111	26,895	21,323	12,789
Total Governmental Activities Program Revenues	63,528	115,274	233,991	55,185	91,175	72,360	99,033	89,879	88,357	53,086

Business-Type Activities:

Charges for Services											
Water Supply and Distribution	59,794	57,790	67,853	61,433	64,727	64,560	60,749	45,311	36,300	33,568	
Wastewater Management	56,170	59,794	69,679	50,283	60,453	57,171	53,494	37,720	37,071	31,487	
Solid Waste Management	62,473	57,453	54,107	50,450	52,459	54,240	50,418	47,952	46,585	43,236	
SMaRT Station	31,658	29,048	26,943	26,491	27,472	27,994	25,349	26,443	25,827	25,817	
Development	17,065	22,076	23,904	14,470	22,448	24,379	21,878	19,371	15,850	13,832	
Golf & Tennis Operations or Community Recreatio	5,299	5,000	5,041	4,701	3,402	3,586	3,361	3,107	3,186	3,528	
Capital Grants and Contributions	1,315	3,934	5,188	1,653	658	775	1,612	5,658	368	1,916	
Total Business-Type Activities Program Revenues	<u>233,774</u>	<u>235,095</u>	<u>252,715</u>	<u>209,481</u>	<u>231,619</u>	<u>232,705</u>	<u>216,861</u>	<u>185,562</u>	<u>165,187</u>	<u>153,384</u>	
Total Primary Government Program Revenues	<u>\$ 297,302</u>	<u>\$ 350,369</u>	<u>\$ 486,706</u>	<u>\$ 264,666</u>	<u>\$ 322,794</u>	<u>\$ 305,065</u>	<u>\$ 315,894</u>	<u>\$ 275,441</u>	<u>\$ 253,544</u>	<u>\$ 206,470</u>	
Net (Expense)/Revenue											
Governmental Activities	\$ (213,352)	\$ (120,565)	\$ 50,414	\$ (155,174)	\$ (129,233)	\$ (131,068)	\$ (105,156)	\$ (85,065)	\$ (68,303)	\$ (109,425)	
Business-Type Activities	7,969	29,833	76,207	31,860	53,658	58,923	53,809	30,859	25,516	26,619	
Total Primary Government Net Expense	<u>\$ (205,383)</u>	<u>\$ (90,732)</u>	<u>\$ 126,621</u>	<u>\$ (123,314)</u>	<u>\$ (75,575)</u>	<u>\$ (72,145)</u>	<u>\$ (51,347)</u>	<u>\$ (54,206)</u>	<u>\$ (42,787)</u>	<u>\$ (82,806)</u>	

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

Taxes										
Property Taxes	\$ 129,062	\$ 120,086	\$ 113,500	\$ 101,528	\$ 92,069	\$ 85,057	\$ 74,572	\$ 67,899	\$ 64,168	\$ 56,560
Sales and Use Taxes	40,715	38,374	35,807	25,906	27,118	32,220	31,314	29,408	31,357	29,676
Franchise Fees, Unrestricted	7,835	7,692	7,222	6,980	7,180	6,976	7,160	7,118	7,057	6,898
Utilities Users Taxes	10,817	10,388	8,594	8,590	8,259	8,303	7,854	7,334	6,901	6,774
Transient Occupancy Taxes	18,916	16,963	10,584	5,192	15,930	21,249	17,742	16,590	16,295	14,137
Real Property Transfer Taxes	1,284	1,532	2,953	1,970	1,815	2,002	2,075	1,770	1,972	1,765
Construction Taxes	3,251	3,792	5,548	2,454	5,171	6,346	4,961	4,719	3,298	3,066
Business License Taxes	1,939	1,985	2,045	1,923	1,935	1,953	1,838	1,819	1,872	1,846
Investment Earnings	30,493	5,611	(24,304)	2,305	26,831	18,762	3,389	1,094	2,682	1,702
Interest Accrued from Advances to Business-Type Activities	120	334	453	568	458	477	395	2,421	2,613	2,793
Interest Accrued from Advances to Former RDA	-	-	-	-	-	-	911	565	49	64
Extraordinary Items	-	-	-	-	-	-	(29,329)	-	-	-
Gain on Disposal of Assets	-	-	-	-	-	32,072	13,906	-	12,822	-
Miscellaneous	-	-	-	-	25	-	1,202	1,221	2,260	1,274
Transfers	5,148	2,223	3,100	5,588	1,866	1,376	(1,059)	1,529	1,930	12,743
Total Governmental Activities	<u>249,580</u>	<u>208,980</u>	<u>165,502</u>	<u>163,004</u>	<u>188,657</u>	<u>216,793</u>	<u>136,931</u>	<u>143,487</u>	<u>155,276</u>	<u>139,298</u>
Business-type Activities										
Investment Earnings	11,781	2,223	(10,277)	304	9,727	5,737	835	440	780	541
Transfers	(5,148)	(2,223)	(3,100)	(5,588)	(1,866)	(1,376)	1,059	(1,529)	(1,930)	(12,743)
Total Business-Type Activities	<u>6,633</u>	<u>-</u>	<u>(13,377)</u>	<u>(5,284)</u>	<u>7,861</u>	<u>4,361</u>	<u>1,894</u>	<u>(1,089)</u>	<u>(1,150)</u>	<u>(12,202)</u>
Total Primary Government	<u>\$ 256,213</u>	<u>\$ 208,980</u>	<u>\$ 152,125</u>	<u>\$ 157,720</u>	<u>\$ 196,518</u>	<u>\$ 221,154</u>	<u>\$ 138,825</u>	<u>\$ 142,398</u>	<u>\$ 154,126</u>	<u>\$ 127,096</u>
Change in Net Position										
Governmental Activities	\$ 36,228	\$ 88,415	\$ 215,916	\$ 7,830	\$ 59,424	\$ 85,725	\$ 31,775	\$ 58,422	\$ 86,973	\$ 29,873
Business-Type Activities	14,602	29,833	62,830	26,576	61,519	63,284	55,703	29,770	24,365	14,417
Total Primary Government	<u>\$ 50,830</u>	<u>\$ 118,248</u>	<u>\$ 278,746</u>	<u>\$ 34,406</u>	<u>\$ 120,943</u>	<u>\$ 149,009</u>	<u>\$ 87,478</u>	<u>\$ 88,192</u>	<u>\$ 111,338</u>	<u>\$ 44,290</u>

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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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Fund										
Nonspendable	\$ 3,117	\$ 3,001	\$ 2,910	\$ 3,202	\$ 3,797	\$ 5,518	\$ 5,861	\$ 7,554	\$ 6,261	\$ 4,596
Restricted	2,845	2,707	3,762	3,102	3,066	2,914	2,808	2,724	2,554	2,500
Committed	80,364	67,517	67,642	77,606	59,439	46,896	60,532	57,745	55,240	32,402
Unassigned	95,269	95,800	93,707	46,236	59,883	71,030	63,686	60,979	57,423	59,096
Total General Fund	<u>\$ 181,595</u>	<u>\$ 169,025</u>	<u>\$ 168,021</u>	<u>\$ 130,146</u>	<u>\$ 126,185</u>	<u>\$ 126,358</u>	<u>\$ 132,887</u>	<u>\$ 129,002</u>	<u>\$ 121,478</u>	<u>\$ 98,594</u>
All Other Governmental Funds										
Nonspendable	\$ 1,627	\$ 1,627	\$ 1,627	\$ 1,626	\$ 1,625	\$ 1,626	\$ 1,609	\$ 1,880	\$ 1,882	\$ 1,883
Restricted	395,049	401,959	382,183	422,519	333,472	304,524	275,278	221,328	179,053	143,788
Committed	-	-	-	2,486	4,297	22,804	-	-	-	-
Assigned	87,754	93,014	76,800	71,583	70,926	50,904	16,434	14,886	15,368	14,216
Unassigned	(135)	(708)	(676)	(750)	-	-	(91)	(5)	-	-
Total All Other Governmental Funds	<u>\$ 484,295</u>	<u>\$ 495,892</u>	<u>\$ 459,934</u>	<u>\$ 497,464</u>	<u>\$ 410,320</u>	<u>\$ 379,858</u>	<u>\$ 293,230</u>	<u>\$ 238,089</u>	<u>\$ 196,303</u>	<u>\$ 159,887</u>

CITY OF SUNNYVALE

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

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Revenues										
Property Taxes	\$ 129,063	\$ 120,086	\$ 113,500	\$ 101,297	\$ 91,839	\$ 84,828	\$ 74,350	\$ 67,676	\$ 63,945	\$ 56,337
Sales and Use Taxes	40,715	38,374	35,807	25,905	28,827	33,829	33,148	31,017	32,914	31,212
Other Taxes	36,206	34,660	29,724	20,130	33,110	39,853	34,469	32,232	30,338	27,588
Franchise Fees	7,835	7,692	7,222	6,980	7,179	6,976	7,160	7,118	7,057	6,898
Intergovernmental Revenues	42,213	36,475	59,086	35,975	26,548	22,959	23,936	22,461	21,757	18,077
Permits and Licenses	2,283	2,149	2,066	1,894	2,130	1,938	1,699	1,287	1,297	1,308
Fines and Forfeitures	623	361	555	733	1,104	1,252	1,106	1,217	1,312	1,174
Special Assessments	-	6	6	6	6	6	6	6	6	6
Service Fees	9,571	60,824	104,686	13,078	51,883	40,160	61,688	37,455	46,554	19,719
Rents and Concessions	2,759	2,654	1,944	1,290	1,225	1,653	1,404	1,483	1,469	1,494
Interest Received from Interfund Advances	3,998	4,420	4,420	4,420	4,451	4,787	4,787	5,364	5,364	4,862
Investment Earnings	26,568	4,337	(20,398)	986	22,845	15,816	2,962	1,012	2,112	1,320
Other Revenues ¹	1,541	2,004	2,042	1,281	2,715	1,669	2,499	20,123	1,931	1,350
Total Revenues	303,375	314,042	340,660	213,975	273,862	255,726	249,214	228,451	216,056	171,345
Expenditures										
Planning and Management	27,130	20,617	18,534	16,020	13,502	11,314	11,315	12,107	9,632	19,021
Public Safety	130,834	116,644	105,516	109,467	107,285	104,340	98,116	92,113	88,392	82,490
Community Development ²	6,483	5,928	8,601	5,298	18,352	17,805	16,509	15,262	13,594	14,120
Public Works	32,266	28,511	26,607	24,726	11,300	10,432	10,387	10,140	10,072	12,698
Environmental Services	3,713	2,944	2,532	2,411	3,147	2,871	1,341	1,163	1,801	647
Library and Recreation Services ³	25,757	23,399	22,117	18,270	17,881	17,612	16,709	16,995	16,314	15,721
NOVA Workforce Services	9,906	9,055	8,604	9,130	11,063	11,181	12,552	11,841	11,812	8,834
Capital Outlay	59,051	63,451	140,773	91,826	58,759	17,407	33,764	17,764	19,133	10,337
Debt Service:										
Principal Retirement	2,503	1,309	1,150	10,745	1,715	1,605	1,535	1,465	1,395	1,335
Interest	5,067	5,088	5,147	2,104	312	388	415	419	394	427
Fiscal Charges	4	9	18	875	83	91	100	86	89	156
Total Expenditures	302,714	276,955	339,599	290,872	243,399	195,046	202,743	179,355	172,628	165,786

Excess (Deficiency) of Revenues										
Over (Under) Expenditures	661	37,087	1,061	(76,897)	30,463	60,680	46,471	49,096	43,428	5,559
Other Financing Sources (Uses):										
Bonds Issued	-	-	-	131,200	-	-	-	-	-	-
Bonds Premium	-	-	-	19,637	-	-	-	-	-	-
Transfers In	24,155	34,098	41,284	40,958	23,853	48,188	44,632	11,098	10,378	22,588
Transfers Out	(23,844)	(34,222)	(42,001)	(23,792)	(24,028)	(61,842)	(53,077)	(10,884)	(9,186)	(22,978)
Proceeds from Sale of Capital Assets	-	-	-	-	-	33,073	21,000	-	14,680	-
Total Other Financing Sources (Uses)	<u>311</u>	<u>(124)</u>	<u>(717)</u>	<u>168,003</u>	<u>(175)</u>	<u>19,419</u>	<u>12,555</u>	<u>214</u>	<u>15,872</u>	<u>(390)</u>
Net Change in Fund Balances	<u>\$ 972</u>	<u>\$ 36,963</u>	<u>\$ 344</u>	<u>\$ 91,106</u>	<u>\$ 30,288</u>	<u>\$ 80,099</u>	<u>\$ 59,026</u>	<u>\$ 49,310</u>	<u>\$ 59,300</u>	<u>\$ 5,169</u>
Capital Expenditures	\$ 42,566	\$ 47,570	\$ 132,676	\$ 82,945	\$ 51,821	\$ 11,966	\$ 15,663	\$ 11,691	\$ 11,969	\$ 7,299
Debt Service as a Percentage of										
Noncapital Expenditures	2.9%	2.8%	3.0%	6.2%	1.1%	1.1%	1.0%	1.1%	1.1%	1.1%

- Notes:**
- 1 Other revenues were higher in fiscal year 2017 due to a one-time contribution related to a significant development project.
 - 2 The City transferred its development-related programs out of the Governmental Funds in fiscal year 2015.
 - 3 The City transferred its recreation programs to the Governmental Funds (Cultural) in fiscal year 2013.

CITY OF SUNNYVALE**General Governmental Tax Revenues by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(dollars in thousands)**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Property	\$ 129,062	\$ 120,086	\$ 113,500	\$ 101,297	\$ 91,839	\$ 84,828	\$ 74,350	\$ 67,676	\$ 63,945	\$ 56,337
Sales and Use	40,715	38,374	35,807	25,906	28,827	33,829	33,148	31,017	32,914	31,212
Transient Occupancy	18,916	16,962	10,584	5,192	15,930	21,249	17,742	16,590	16,295	14,137
Utility Users	10,817	10,388	8,594	8,590	8,259	8,303	7,854	7,334	6,901	6,774
Business Licenses	1,939	1,985	2,045	1,923	1,935	1,953	1,837	1,819	1,872	1,846
Real Property Transfer	1,284	1,533	2,953	1,970	1,815	2,002	2,075	1,770	1,972	1,765
Construction	3,251	3,792	5,548	2,454	5,171	6,346	4,961	4,719	3,298	3,066
Franchise	7,835	7,692	7,222	6,980	7,179	6,976	7,160	7,118	7,057	6,898
Total	<u>\$ 213,819</u>	<u>\$ 200,812</u>	<u>\$ 186,253</u>	<u>\$ 154,312</u>	<u>\$ 160,955</u>	<u>\$ 165,486</u>	<u>\$ 149,127</u>	<u>\$ 138,043</u>	<u>\$ 134,254</u>	<u>\$ 122,035</u>

CITY OF SUNNYVALE

**Assessed Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Residential Property	Commercial Property	Industrial Property	Other Property¹	Unsecured Property	Total Assessed Value²	Less: Exemptions	Total Taxable Assessed Value	Total Direct Tax Rate³
2015	17,767,517,570	4,169,748,259	6,064,429,240	525,692,456	3,301,086,598	31,828,474,123	398,883,418	31,429,590,705	1.0%
2016	19,451,693,480	5,263,186,637	7,068,520,319	611,867,808	2,842,769,440	35,238,037,684	438,314,393	34,799,723,291	1.0%
2017	21,132,236,511	6,245,020,580	7,582,898,635	777,478,976	2,941,677,250	38,679,311,952	479,970,823	38,199,341,129	1.0%
2018	23,081,956,452	7,201,345,311	7,551,341,687	875,789,104	3,467,249,797	42,177,682,351	494,892,657	41,682,789,694	1.0%
2019	25,156,372,680	8,856,076,181	8,267,965,238	788,203,756	3,882,340,213	46,950,958,068	599,128,346	46,351,829,722	1.0%
2020	27,555,465,388	9,383,956,474	8,879,451,579	867,530,149	3,677,522,864	50,363,926,454	688,171,499	49,675,754,955	1.0%
2021	29,246,014,436	11,513,434,070	9,593,300,464	964,260,386	4,194,128,627	55,511,137,983	682,232,552	54,828,905,431	1.0%
2022	31,087,858,309	11,891,331,537	10,630,932,250	846,957,214	3,817,323,012	58,274,402,322	691,320,265	57,583,082,057	1.0%
2023	33,723,972,437	14,502,035,996	9,750,210,654	961,474,734	4,072,730,066	63,010,423,887	782,467,856	62,227,956,031	1.0%
2024	36,093,780,029	15,902,157,321	10,748,903,255	1,285,477,504	4,386,808,558	68,417,126,667	840,863,511	67,576,263,156	1.0%

Source: County of Santa Clara Assessor's Office

Notes: Other property includes government, institution, irrigated and vacant lands, State Board of Equalization (SBE) nonunitary utilities, and miscellaneous and unclassified properties. Assessed value is calculated at 100% of market value as defined by California State Constitution Article XIII A and increases each year by no more than two percent unless there is new construction or change in ownership on the property.

See notes in the Schedule of Property Tax Rates contained in the Statistical Section for information on direct tax rate.

CITY OF SUNNYVALE

**Property Tax Rates
Last Ten Fiscal Years**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Direct Rates ¹										
County										
Maximum Tax Levy	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Overlapping Rates ²										
County										
County Retirement Levy	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880	0.03880
County Hospital Facility Bond	0.00550	0.00630	0.00610	0.00690	0.00690	0.00720	0.00820	0.00860	0.00880	0.00910
County Housing Bond	0.00950	0.01080	0.01266	-	0.01000	0.01050	0.01266	-	-	-
Special District										
Santa Clara Valley Water District	0.00410	0.00440	0.00510	0.00370	0.00410	0.00420	0.00620	0.00860	0.00570	0.00650
El Camino Hospital	0.00500	0.00900	0.01000	0.01000	0.01000	0.01000	0.01000	0.01290	0.01290	0.01290
Midpeninsula Regional Open Space	0.00120	0.00130	0.00150	0.00150	0.00160	0.00180	0.00090	0.00060	0.00080	-
School Districts										
Sunnyvale School District	0.02920	0.03230	0.03250	0.03340	0.03450	0.03680	0.03680	0.02630	0.04090	0.04920
Cupertino Elementary	0.03570	0.03680	0.03800	0.04030	0.04150	0.03970	0.04960	0.05090	0.05190	0.05400
Los Altos Elementary	0.01950	0.02080	0.05110	0.07130	0.04180	0.04490	0.04630	0.04790	0.04850	0.05240
Mountain View Elementary	0.04570	0.05380	0.23860	0.05960	0.03960	0.04250	0.04100	0.04260	0.02730	0.03380
Fremont High	0.04410	0.03710	0.04160	0.04780	0.04790	0.04300	0.04640	0.04030	0.05250	0.03960
Mountain View-Los Altos High	0.03100	0.03550	0.02780	0.04000	0.03650	0.04090	0.01070	0.01120	0.01190	0.01330
Santa Clara Unified	0.08890	0.08670	0.10140	0.10450	0.11760	0.07070	0.08280	0.08180	0.09420	0.07040
Foothills-De Anza College	0.02780	0.02910	0.03310	0.03640	0.02080	0.02170	0.02200	0.02340	0.02400	0.02760

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, 2024**

Taxpayer	2024			2015		
	Taxable Assessed Value ¹	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value ²	Rank	Percentage of Total Taxable Assessed Value
Google Inc	\$ 4,430,444,942	1	6.56%	n/a	n/a	n/a
Apple Inc	1,332,151,884	2	1.97%	n/a	n/a	n/a
Pathline Park LLC	1,123,263,596	3	1.66%	n/a	n/a	n/a
Lockheed Martin Corporation	1,080,285,781	4	1.60%	\$ 1,155,491,263	1	3.68%
Intuitive Surgical Inc	1,057,171,419	5	1.56%	381,310,918	5	1.21%
Applied Materials Inc	1,001,248,112	6	1.48%	339,374,773	6	1.08%
CW SPE LLC	811,085,909	7	1.20%	n/a	n/a	n/a
Menlo And Juniper Networks LLC	793,633,434	8	1.17%	918,936,822	2	2.92%
MP 521 LLC	736,003,631	9	1.09%	n/a	n/a	n/a
Linkedin Corporation	606,058,897	10	0.90%	n/a	n/a	n/a
Network Appliance Inc	n/a	n/a	n/a	564,700,634	3	1.80%
Yahoo Inc	n/a	n/a	n/a	392,027,225	4	1.25%
SPF Mathilda LLC	n/a	n/a	n/a	291,450,039	8	0.93%
MT SPE LLC	n/a	n/a	n/a	304,981,382	7	0.97%
MT LOT 3 EFG LLC	n/a	n/a	n/a	244,465,601	10	0.78%
Redus SCTC LLC	n/a	n/a	n/a	247,332,048	9	0.79%
Total	\$ 12,971,347,605		19.20%	\$ 4,840,070,705		15.40%

Source: County of Santa Clara Assessor's Office

Note 1 City Total Taxable Assessed Value: \$67,576,263,156

Note 2 City Total Taxable Assessed Value: \$31,429,590,705

CITY OF SUNNYVALE

**Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Tax Levy for Fiscal Year ²	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years ¹
		Amount	Percentage of Levy	
2015	38,246,494	36,235,979	94.7%	425,532
2016	42,533,731	40,482,214	95.2%	354,245
2017	46,861,407	44,324,329	94.6%	287,855
2018	50,889,271	48,209,420	94.7%	214,185
2019	56,393,298	53,630,229	95.1%	258,976
2020	60,845,224	57,462,099	94.4%	288,806
2021	67,122,188	63,633,325	94.8%	434,281
2022	70,718,576	67,000,005	94.7%	557,673
2023	77,096,952	73,184,725	94.9%	425,874
2024	83,498,618	78,749,922	94.3%	596,534

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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Governmental Activities:										
Certificates of Participation	\$ -	\$ -	\$ 1,250	\$ 2,400	\$ 13,145	\$ 14,860	\$ 16,465	\$ 18,000	\$ 19,465	\$ 20,860
Lease Revenue Bonds	146,090	149,170	149,795	150,421	-	-	-	-	-	-
Subscriptions	3,606	4,952	4,578	-	-	-	-	-	-	-
Business-Type Activities:										
Water and Wastewater Series 2017A	31,720	33,762	35,751	37,687	39,582	41,433	43,253	48,406	50,903	53,291
Solid Waste Notes Payable	-	-	-	-	703	1,395	2,080	2,611	5,003	7,368
State Revolving Fund Loan	120,791	116,378	112,011	105,864	81,984	38,599	7,396	-	-	-
WIFIA Loan	23,256	12,897	2,186	127	-	-	-	-	-	-
Solid Waste Revenue Bonds	-	-	-	-	-	-	-	-	-	-
Leases Liability	565	699	828	-	-	-	-	-	-	-
Total Primary Government	\$ 326,028	\$ 317,858	\$ 306,399	\$ 296,499	\$ 135,414	\$ 96,287	\$ 69,194	\$ 69,017	\$ 75,371	\$ 81,519
Percentage of Personal Income ¹	0.11%	0.11%	0.11%	0.11%	0.06%	0.04%	0.03%	0.04%	0.04%	0.05%
Per Capita ²	\$ 2,202	\$ 2,147	\$ 2,190	\$ 2,101	\$ 1,130	\$ 869	\$ 660	\$ 718	\$ 849	\$ 987

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 2023 was used to calculate percentages for fiscal year 2024 since data for fiscal year 2024 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, 2024**

Governmental Unit	Debt Outstanding	Percentage Applicable ¹	Share of Overlapping Debt
Debt Repaid with Property Taxes: County			
City of Sunnyvale Community Facilities District No. 1 Special Tax Bonds	\$ 11,015,000	100.000 %	\$ 11,015,000
Cupertino Union School District & General Fund Obligations	276,116,653	14.866	41,047,502
El Camino Hospital District	102,186,937	38.149	38,983,295
Foothill-De Anza Community College District	640,179,446	25.283	161,856,569
Fremont Union High School District	737,130,088	53.526	394,556,251
Midpeninsula Regional Open Space Park District & General Fund Obligations	160,495,600	16.633	26,695,233
Mountain View School District	485,000	12.235	59,340
Mountain View-Whisman School District	350,765,000	7.243	25,405,909
Mountain View-Los Altos Union High School District & Certificates of Participation	262,507,779	4.024	10,563,313
Los Altos School District & Certificates of Participation	133,199,066	0.002	2,664
Santa Clara County	956,770,000	10.238	97,954,113
Santa Clara County General Fund Obligations	1,057,709,440	10.238	108,288,292
Santa Clara County Pension Obligation Bonds	323,733,582	10.238	33,143,844
Santa Clara County Board of Education Certificates of Participation	12,073,098	10.238	1,236,044
Santa Clara County Vector Control Certificates of Participation	945,000	10.238	96,749
Santa Clara Unified School District & Certificates of Participation	1,014,817,000	9.655	97,980,581
Santa Clara Valley Water District Benefit Assessment District	29,235,000	10.238	2,993,079
Sunnyvale School District	251,455,820	99.049	249,064,475
West Valley Mission Community College District & General Fund Obligations	665,560,000	4.414	29,377,819
Subtotal Overlapping Debt			1,330,320,072
Direct Debt ²			
City of Sunnyvale Government Center 2020 Lease Bonds			143,510,379
City of Sunnyvale Subscriptions			2,061,943
Subtotal Direct Debt			145,572,322
Total Direct and Overlapping Debt ³			\$ 1,475,892,394

Sources: California Municipal Statistics Inc
City of Sunnyvale

Notes:

¹ Percentage of overlapping agency's assessed valuation located within the boundaries of the City.

² Direct debt excludes revenue bonds reported in the enterprise funds and Redevelopment Successor Agency Central Core Tax Allocation Bonds.

³ Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations.

CITY OF SUNNYVALE

**Legal Debt Margin Information
Last Ten Fiscal Years
(dollars in thousands)**

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Debt limit	\$ 10,262,569	\$ 9,451,564	\$ 8,741,160	\$ 8,326,671	\$ 7,554,589	\$ 7,042,644	\$ 6,326,652	\$ 5,801,897	\$ 5,285,706	\$ 4,774,271
Total net debt applicable to limit	294,308	284,096	265,242	258,812	95,129	14,860	16,464	18,000	19,465	20,860
Legal debt Margin	\$ 9,968,261	\$ 9,167,468	\$ 8,475,918	\$ 8,067,859	\$ 7,459,460	\$ 7,027,784	\$ 6,310,188	\$ 5,783,897	\$ 5,266,241	\$ 4,753,411
Total net debt applicable to the limit as a percentage of debt limit	2.87%	3.01%	3.03%	3.11%	1.26%	0.26%	0.31%	0.37%	0.44%	0.57%

Legal Debt Margin Calculation for Fiscal Year 2024

Assessed value	\$ 67,576,263
Add back: exempt real property	840,864
Total assessed value	<u>\$ 68,417,127</u>
Debt limit (15% of total assessed value)	\$ 10,262,569
Debt applicable to limit:	
Total bonded debt	326,028
Less:	
Water and Wastewater Series 2017A	<u>(31,720)</u>
Total net debt applicable to limit	<u>294,308</u>
Legal debt margin	<u>\$ 9,968,261</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									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Water and Wastewater Revenue Bonds										
Gross Revenues	\$ 124,108	\$ 119,188	\$ 130,386	\$ 111,831	\$ 130,935	\$ 124,734	\$ 114,566	\$ 83,371	\$ 73,946	\$ 65,536
Less: Operating Expenses ¹	95,340	84,630	72,027	76,201	71,290	70,144	67,775	63,547	53,452	44,141
Less: Operating Transfers ²	860	843	826	2,599	2,124	2,245	869	415	1,362	6,716
Net Available Revenue ⁵	\$ 27,908	\$ 33,715	\$ 57,533	\$ 33,031	\$ 57,521	\$ 52,345	\$ 45,922	\$ 19,409	\$ 19,132	\$ 14,679
Debt Service										
Principal	\$ 1,860	\$ 1,810	\$ 1,755	\$ 1,715	\$ 1,670	\$ 1,640	\$ 2,925	\$ 2,330	\$ 2,220	\$ 2,115
Interest	1,284	1,338	1,400	1,434	1,486	1,523	1,560	2,411	2,522	2,624
Coverage	8.9	10.7	18.2	10.5	18.2	16.5	10.2	4.1	4.0	3.1
Solid Waste Revenue Bonds/Notes Payable ⁴										
Gross Revenues	\$ 63,285	\$ 57,655	\$ 53,344	\$ 50,541	\$ 53,587	\$ 54,988	\$ 50,587	\$ 48,052	\$ 46,698	\$ 43,295
Other Agencies Shares ³	-	-	-	197	196	196	156	971	972	1,004
Less: Operating Expenses ¹	61,131	57,036	48,969	43,845	44,627	43,503	40,369	38,856	37,433	34,517
Less: Operating Transfers ²	-	-	-	-	1,501	1,167	921	743	723	3,135
Net Available Revenue ⁵	\$ 2,154	\$ 619	\$ 4,375	\$ 6,893	\$ 7,655	\$ 10,514	\$ 9,453	\$ 9,424	\$ 9,514	\$ 6,647
Debt Service										
Principal	\$ -	\$ -	\$ -	\$ 703	\$ 692	\$ 685	\$ 531	\$ 2,392	\$ 2,365	\$ 2,165
Interest ⁴	-	-	-	2	13	21	29	47	76	394
Coverage	Not Applicable	Not Applicable	Not Applicable	9.8	10.9	14.9	16.9	3.9	3.9	2.6

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 2021.
 - 5 Net Available Revenue or pledged revenue is "Gross Revenues" received from the respective systems minus the amount to pay "Operation and Maintenance Costs" of the systems.
- For the Solid Waste Note Payable, Net Available Revenue includes the proportionate share of debt service from Cities of Mountain View and Palo Alto.

CITY OF SUNNYVALE**Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population	Personal Income (millions of dollars) ¹	Per Capita Personal Income ¹	Median Age	School Enrollment	Civilian Labor Force	Unemployment Rate
2015	146,629	164,047	82,603	35	17,078	84,814	3.9%
2016	148,948	177,759	88,801	35	16,908	86,577	3.4%
2017	150,599	193,230	96,174	35	16,755	87,011	3.1%
2018	153,944	210,975	104,834	35	16,971	87,282	2.4%
2019	155,766	222,231	110,756	36	16,704	87,113	2.2%
2020	154,252	239,211	119,863	35	16,386	83,972	7.2%
2021	153,326	275,500	141,146	35	15,527	83,869	4.2%
2022	156,364	272,265	139,912	35	14,410	86,482	2.3%
2023	157,187	288,043	148,036	35	14,240	86,752	3.1%
2024	157,566	Not Available	Not Available	35	14,416	86,022	3.5%

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

***Principal Employers
Current Year and Nine Years Ago***

Employer	2024			2015		
	Number of Employees	Rank	Percentage of Total Employment	Number of Employees	Rank	Percentage of Total Employment
Google	14,426	1	16.77%	3,797	4	4.48%
Apple	12,458	2	14.48%	4,000	2	4.72%
Amazon.Com Services	6,578	3	7.65%	n/a	n/a	n/a
Intuitive Surgical Operations	3,836	4	4.46%	1,203	10	1.42%
Lockheed Martin Space Systems	3,576	5	4.16%	5,045	1	5.95%
Applied Materials	3,389	6	3.94%	1,572	9	1.85%
Facebook	3,090	7	3.59%	n/a	n/a	n/a
Cepheid	3,042	8	3.54%	n/a	n/a	n/a
Walmart	2,398	9	2.79%	n/a	n/a	n/a
Synopsys	2,392	10	n/a	n/a	n/a	n/a
Yahoo!	n/a	n/a	n/a	3,993	3	4.71%
NetApp	n/a	n/a	n/a	3,081	5	3.63%
Juniper Networks	n/a	n/a	n/a	2,502	6	2.95%
Hewlett Packard	n/a	n/a	n/a	2,070	7	2.44%
A2Z Development Center	n/a	n/a	n/a	1,834	8	2.16%

Source: City of Sunnyvale, Department of Finance
U.S. Department of Labor, Bureau of Labor Statistics

CITY OF SUNNYVALE

**Full-time Equivalent City Government Employees Budgeted by Department
Last Ten Fiscal Years**

	Full-time Equivalent Employees Budgeted by Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Departments										
Planning and Management	152	150	130	131	139	125	122	110	114	108
Public Safety ¹	289	289	257	268	265	262	266	275	285	271
Community Development	54	55	47	44	45	43	42	39	41	36
Public Works	196	193	163	170	175	178	170	173	186	168
Environmental Services	131	130	112	116	119	116	106	105	118	105
Library and Recreational Services	82	81	68	66	73	74	88	91	100	88
NOVA Workforce Services	37	38	29	30	33	33	35	33	43	32
Total	<u>941</u>	<u>936</u>	<u>806</u>	<u>825</u>	<u>849</u>	<u>831</u>	<u>829</u>	<u>826</u>	<u>887</u>	<u>808</u>

Source: City of Sunnyvale, Department of Finance

Note: 1 The City's Department of Public Safety is a fully integrated Police/Fire agency. All officers are certified in both disciplines.

CITY OF SUNNYVALE

**Operating Indicators by Function
Last Ten Fiscal Years**

Function	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Safety:										
Police										
Emergency Responses	45,440	43,707	41,635	39,128	38,937	35,068	40,525	41,050	31,848	37,662
Crime Investigations	1,238	1,336	1,036	609	1,270	2,640	7,057	2,030	4,718	2,855
Traffic Events and Citations	13,258	11,583	10,384	16,682	16,592	11,794	15,846	10,155	8,829	9,772
Fire										
Emergency Responses	7,487	7,981	7,410	6,965	7,094	7,204	7,241	7,483	7,774	7,438
Fire Safety Inspections	5,419	5,892	7,758	7,509	6,724	8,541	6,778	7,585	6,682	6,439
Transportation:										
Streets Resurfacing (1,000 square feet)	877	279	1,134	10,311	6,547	215	3,034	Not Available	None	1,177
Street Preventive Maintenance (1,000 sq feet)	544	771	665	3,867	2,316	6,300	4,577	4,728	4,473	3,641
Street Lamps Replaced ¹	1	3	329	352	106	100	996	946	1,656	1,242
Cultural:										
Library Visitors	389,171	339,671	282,385	39,807	398,830	619,986	657,343	683,739	669,796	699,128
Library Materials Circulated	1,693,807	1,477,948	1,398,369	922,634	1,418,597	1,983,152	2,098,751	2,191,068	2,396,689	2,576,329
Library Materials Turnover Rate (average use)	5.1	9.5	8.6	5.1	6.0	6.8	6.9	7.2	6.6	8.7
Recreation Programs Registration (hours)	252,835	328,376	312,144	131,989	545,162	657,961	758,387	Not Available	821,950	866,750
Rental Use of Recreation Facilities	164,660	225,324	164,033	30,643	71,915	106,735	89,792	Not Available	92,842	103,122
Water Supply and Distribution:										
Average Daily Demand (million gallons)	16.7	15.2	16.6	18.0	17.4	16.4	16.8	15.4	14.0	19.4
Peak Daily Use (million gallons)	29.9	27.4	29.9	32.4	31.4	29.5	30.3	27.8	21.0	29.1
Water Main Repairs	9	38	28	34	23	39	28	19	30	38
Wastewater Management:										
Average Daily Sewage Treatment (million gallons)	13.3	13.5	12.4	12.5	12.9	13.3	12.4	12.7	11.7	12.8
Solid Waste Management:										
Refuse collected (tons per day)	234.6	231.2	235.0	219.0	236.0	251.0	237.0	255.0	250.0	244.0
Recyclables collected (tons per day)	103.7	96.3	88.0	88.0	96.0	98.0	90.0	79.5	78.5	71.5
SMaRT Station:										
Refuse received (tons per day)	466.9	451.3	514.0	577.0	598.0	648.0	620.0	643.0	640.0	652.0
Golf and Tennis:										
Plays at Golf Courses	141,586	132,450	142,278	152,637	98,309	97,875	109,874	105,632	111,011	121,997

Source: City of Sunnyvale, various departments

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

CITY OF SUNNYVALE

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

Function/Program	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Public Safety										
Police:										
Jail Facilities	1 (6 cells)									
Vehicular Patrol Units	79	79	79	79	73	73	71	72	69	70
Fire Stations	6	6	6	6	6	6	6	6	6	6
Transportation										
Streets (miles)	261	261	261	261	261	261	261	261	300	300
Streetlights	9,354	9,354	9,354	9,354	9,354	9,354	9,353	9,352	9,354	9,357
Traffic Signals	136	135	135	135	134	132	132	132	131	131
Cultural¹										
Park Acreage	351	351	351	345	345	344	344	344	329	329
Parks	25	25	25	24	24	23	23	23	21	21
Swimming Pools	3	3	3	3	3	3	3	3	4	4
Skate Parks	2	2	2	2	2	2	2	2	2	2
Recreation Centers	3	3	3	3	3	3	3	3	3	3
Water Supply and Distribution										
Water Mains (miles)	340	340	340	340	340	340	340	340	340	340
Fire Hydrants	3,433	3,433	3,433	3,433	3,433	3,433	3,433	3,412	3,400	3,362
Storage Capacity (million gallons)	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	27.5
Wastewater Management										
Sanitary Sewer (miles)	312	312	312	312	312	312	310	310	310	310
Permitted Treatment Plant Capacity (million gallons)	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5	29.5
SMArT Station										
Refuse transfer and recovery station capacity (ton per day)	1,500	1,599	1,599	1,599	1,599	1,599	1,500	1,500	1,500	1,500
Golf and Tennis										
Golf Courses	2	2	2	2	2	2	2	2	2	2
Tennis Courts	49	49	49	49	49	49	49	49	49	49

Source: City of Sunnyvale, various departments

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