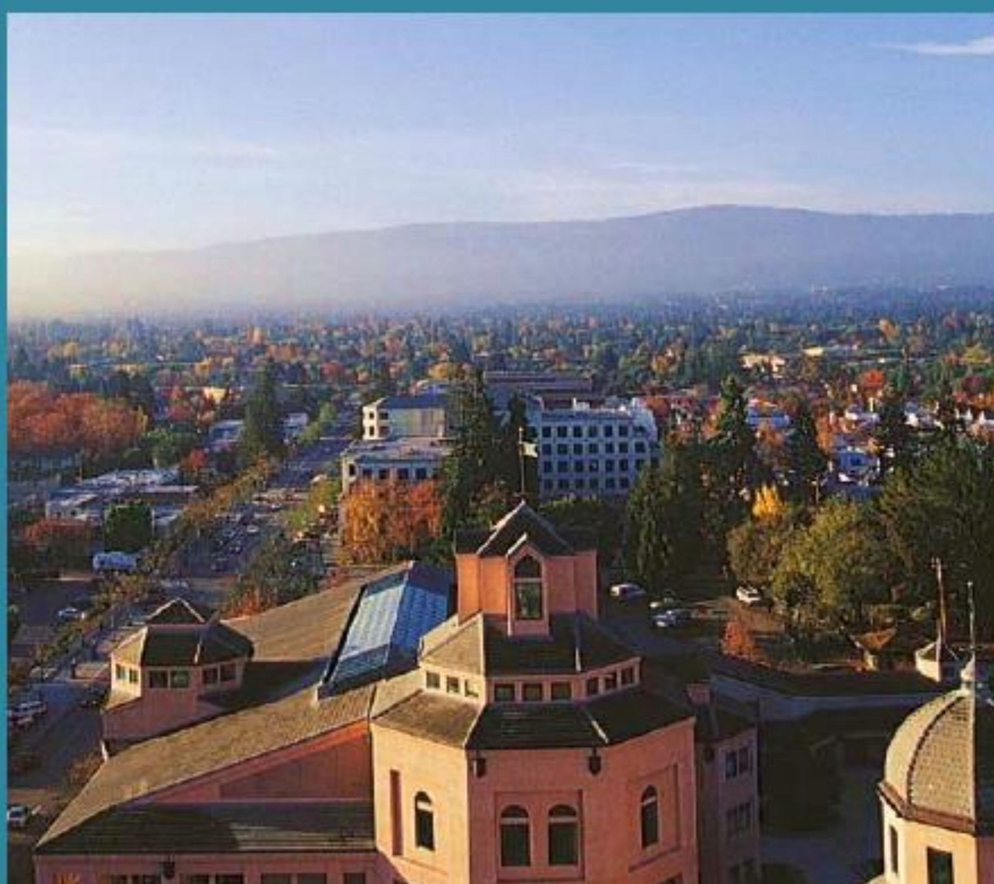
CITY OF MOUNTAIN VIEW

CALIFORNIA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2019



Mission Statement:
The City of Mountain View provides quality services and facilities that meet the needs of a caring and diverse community in a financially responsible manner.

# CITY OF MOUNTAIN VIEW, CALIFORNIA

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Prepared by the


**DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES**

Jesse Takahashi, Finance and Administrative Services Director
Helen He, Accounting Manager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For the Fiscal Year Ended June 30, 2019

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**Exhibit 1**

CITY OF MOUNTAIN VIEW

FINANCE AND ADMINISTRATIVE SERVICES DEPARTMENT
500 Castro Street • Post Office Box 7540 • Mountain View • California • 94039-7540
650-903-6316 • Fax 650-968-1786

November 25, 2019

Honorable Mayor, City Council, and Members of the Mountain View Community:

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Mountain View, California (City) for the fiscal year ended June 30, 2019. The CAFR has been prepared in conformance with the principles and standards for financial reporting set forth by the Governmental Accounting Standards Board (GASB) and in compliance with City Charter Section 1106.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with City management. We believe the data, as presented, is accurate in all material respects, that its presentation fairly shows the financial position and the results of the City's operations as measured by the financial activity of its various funds and, in conjunction with the included notes, will provide the reader with an understanding of the City's financial status.

To provide a basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of the City's financial statements in conformity with accounting principles generally accepted in the United States of America (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 misstatement.

The City's financial statements have been audited by Macias Gini & O'Connell, LLP, a firm of independent licensed certified public accountants selected by and reporting to the City Council. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and

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evaluating the overall financial statement presentation. The independent auditor concluded that there is a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended June 30, 2019 are fairly presented in conformity with GAAP. The independent auditor's report is presented at the beginning of the financial section of this report.

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

The CAFR is divided into the following sections:

<u>The Introductory Section</u> includes this letter of transmittal, an overview of the organizational structure of the City, and prior awards received.

<u>The Financial Section</u> is prepared in accordance with GASB Statement No. 34 requirements and includes the following:

- Independent Auditor's Report.

- Management's Discussion and Analysis.

- Basic Financial Statements—Basic Financial Statements include the government-wide financial statements that present an overview of the City's entire financial operations and the fund financial statements that present financial information for each of the City's major funds as well as other governmental, proprietary, and agency funds.

- Notes to Basic Financial Statements—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

- Required Supplementary Information—Includes schedules required to be presented showing information related to the City's pension plan and other postemployment benefits plan.

- Other Supplementary Information—Includes the Budgetary Schedule of the Park Land Dedication Capital Projects Fund, Combining Statements and Schedules of the nonmajor governmental funds, internal service funds, and agency funds.

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The Statistical Section includes tables containing historical financial data, debt statistics, and miscellaneous social and economic data of the City that may be of interest to potential investors in the City's bonds and to other readers. The data includes 10-year revenue and expenditure information, as well as 10 years of net position/fund balance information.

This CAFR includes the results of financial activities of the primary government, which encompasses several enterprise activities as well as all of its component units: the Mountain View Shoreline Regional Park Community (Shoreline Community) and the City of Mountain View Capital Improvements Financing Authority (Financing Authority). *Separate financial statements for the Shoreline Community are included following the Statistical Section.* There is no legal requirement for a separate component unit report for the Financing Authority.

**PROFILE OF THE GOVERNMENT**

The City was incorporated on November 7, 1902. The City Charter was originally approved by voters in 1952 and requires the City to operate under a Council-Manager form of government. Seven Councilmembers are elected at large for four-year terms that are staggered so three or four seats are filled at the general municipal election in November of every even-numbered year. Continuous service on the Council is limited to two consecutive terms. Each year, in January, the Council elects one of its members as Mayor and another as Vice Mayor.

With a population of approximately 82,000 and occupying just over 12 square miles, Mountain View is situated in Silicon Valley, about 36 miles southeast of the City of San Francisco and 15 miles northwest of the City of San Jose.

The City provides the following full range of municipal services, which are reflected in this report:

- General government (city management, legal, human resources, information technology, and financial activities);

- Public safety (police, fire, and paramedic services);

- Public works (engineering, design, and utility maintenance);

- Community development (community land use and development processing); and

- Culture and recreation (library, parks, recreation, performing arts, and golf course).

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The City also provides water, wastewater, and solid waste utility enterprise activities, and the financial information regarding these activities is included in this report.

The financial reporting entity includes all funds of the primary government (i.e., the City) as well as its component units. The Shoreline Community and Financing Authority are component units of the City and are blended in the reporting entity. However, this does not mean the City assumes the obligations or liabilities of these entities, and they are budgeted and accounted for separately from the City.

No other agencies or activities associated with the City or utilizing a name similar to the City's meet the established criteria for inclusion in the reporting entity and, accordingly, are excluded from this report.

The City Council is required by the City Charter to adopt a budget by June 30 to be in effect for the ensuing fiscal year, which begins July 1. Budgets are approved at the fund and department level (legal level of control) and may not be exceeded without City Council approval. Transfers and adjustments between funds, departments, and capital projects must be submitted to the City Council for approval. The City Charter requires approval by five votes of the seven-member City Council to amend the budget.

## LOCAL ECONOMY

The City is centrally located in Silicon Valley and has several major highways and freeways (101, 280, 85, and 237) connecting the City to the broader Bay Area region. Mountain View is also a regional transportation hub and has transit stops for the Caltrain commuter train and Santa Clara Valley Transportation Authority (VTA) light rail system.

During this fiscal year, the City experienced significant growth in residential and commercial development that has contributed to a diverse community. The City had 384 residential units built and approximately 110,810 square feet of commercial/office space construction completed. Significant additional housing continues in the pipeline. The local economy remains strong, with research and development and industrial sectors experiencing occupancy gains. Notwithstanding, office vacancy rates have begun to rise, although they are still relatively low.

As of June 2019, the unemployment rate in the City is 1.9 percent, consumer confidence continues to be positive, and housing and property values remain strong. In addition, the City's fiscal practices and budget discipline have allowed the City to maintain its AAA credit rating, a status few other California cities can claim.

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The economic vitality of the City depends on a strong and diversified business community that is flexible enough to withstand economic change. As part of the City's economic development efforts, the City works to attract and retain companies with growth potential and make the City a desirable location for the corporate community. As a result, companies continue to recognize Mountain View as a prime location in Silicon Valley. Mountain View's innovation economy depends on major technology companies, including 23andMe, Google, Intuit, LinkedIn, Microsoft, Omnicell, Pure Storage, Samsung, Siemens Medical Solutions, Symantec, and Synopsys. Downtown Mountain View is a desirable place to do business, especially for start-up companies, because of the diverse number of retailers and restaurants and access to public transportation. The auto technology industry maintains a strong presence in the City with innovation and creativity in the artificial intelligence sector. There are approximately 20 auto technology companies, including Waymo, Aptiv, BMW Research and Development, Deepscale, DiDi Labs, Nuro.ai, and Volvo Silicon Valley Technology Center, that reside in the City and are helping lead the way in technological advancements.

The City is also committed to preserving present services and programs while investing in our future through prudent budgeting and infrastructure development. The current strong economy, along with sound fiscal planning, has allowed the City to add resources where most needed and pay down pension and other postemployment benefits unfunded liabilities.

## LONG-TERM FINANCIAL PLANNING

The City annually prepares a five-year forecast and periodically a Long-Range Financial Forecast to project revenue and expenditure trends for the next 10 years. A Five-Year Financial Forecast (Forecast) was developed for Fiscal Year 2019-20. A financial forecast, even with fluctuating economic variables, can assist with identification of long-term financial trends, causes of fiscal imbalances, future fiscal challenges, opportunities, and potential requirements, all of which may assist in keeping the City on a continuing path of fiscal sustainability. While it is challenging to accurately forecast local government revenues due to the variable nature of the revenue sources and their connection to regional, State, national, and international economic conditions, it is possible to identify reasonable financial trends and provide a conceptual financial picture that will be useful to the City's decision making. The Forecast guides the City as it continues to confront the need to balance expenditures and revenues.

In summary, revenues are projected to continue growing for the next couple of fiscal years; however, the Forecast assumes an economic slowdown will occur during the five-year period. The decline in revenues from the anticipated slowdown is being masked by the strong development activity that is currently occurring as there is a lag

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between the development occurring and being placed onto the property tax roll. It is unknown exactly when a slowdown will occur, but staff has included the impact of a slowdown beginning in Fiscal Year 2020-21 as that would match the longest economic expansion in decades. At that point, the projected operating balance declines and deficits are projected (before corrective action) beginning in Fiscal Year 2021-22.

## RELEVANT FINANCIAL POLICIES

The City Council has established a financial and budgetary policy framework which is reviewed and updated as necessary by the City Council. A comprehensive and consistent set of financial and budgetary policies provides a basis for sound financial planning, identifies appropriate directions for service-level developments, aids budgetary decision-making, and serves as an overall framework to guide financial management and operations of the City.

The City's adoption of financial policies also promotes public confidence and increases the City's credibility in the eyes of bond rating agencies and potential investors. Such policies also provide the resources to react to potential financial emergencies in a prudent manner.

## MAJOR INITIATIVES

The City's mission is to provide quality services and facilities that meet the needs of a caring and diverse community in a financially responsible manner. In February 2017, the City Council undertook a comprehensive goal-setting process to establish its major goals for a two-year cycle, Fiscal Years 2017-18 and 2018-19. The City Council's four overarching major goals are as follows:

- Promote strategies to protect vulnerable populations and preserve the socioeconomic diversity of the community.

- Improve the quantity, diversity, and affordability of housing with an added focus on middle-income and ownership opportunities.

- Develop and implement comprehensive and coordinated transportation strategies to achieve mobility, connectivity, and safety for people of all ages.

- Promote environmental sustainability with a focus on measurable outcomes.

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Projects were identified to further these four goals over the two-year cycle. Some of the major initiatives accomplished during this past fiscal year are as follows:

- Continued implementing Phase 4 of the multi-pronged strategy and action plan to address homelessness, including identification of safe parking sites, funding for a new local nonprofit safe parking provider, and initial policy direction to facilitate additional safe parking opportunities and limitations on oversized vehicle parking.

- Completed two affordable housing projects, 779 West Evelyn Avenue and 1701 West El Camino Real, for a total of 183 affordable units, and closed on the Shorebreeze Apartments acquisition loan to construct an additional 50 affordable units.

- Approved the first North Bayshore residential project, with a total of 635 units (1255 Pear Avenue).

- Worked with a consultant to complete an internal, cross-functional Sustainability Program Assessment and develop a Sustainability Strategic Plan, for which the City Council appropriated $7.5 million.

- Executed a Memorandum of Understanding with Caltrain for Rengstorff Grade Separation Project preliminary engineering and environmental clearance.

- Revised the Mountain View Employee Homebuyer and Relocation Assistance Program to make assistance for housing close to work more accessible to City employees.

- Completed a preliminary 2017 community greenhouse gas emissions inventory to provide the City Council with an earlier look at our emissions reduction progress resulting in an initial indication of a significant reduction in emissions in 2017 compared to 2015.

- Issued $64.0 million in revenue bonds to finance capital improvements benefiting the Shoreline Regional Park Community.

- Presented a draft Vision Zero Policy to address pedestrian fatalities.

- Closed on a $1.4 million predevelopment loan for 950 West El Camino Real for the development of 71 affordable units, including units for persons with disabilities.

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- Completed the Human Relations Commission assessment of LGBTQ+ needs and assets, identifying strength and gaps, and recommending policies, services, and other supports for the LGBTQ+ community.

- Completed Latham Street Bike Boulevard Study.

- Developed the Community for All grant program and awarded $75,000 in one-time funding to 10 community agencies to improve awareness of, and access to, information and resources for immigrants.

- Implemented a carpool program and new bike commute benefit for City employees to address employee commute stress, environmental impacts, and traffic congestion.

- Completed Hackett Avenue and Wagner Avenue reconstructions, modifications to the Grant-Phyllis-Martens intersection, and improvements to the El Monte-Marich intersection.

- Completed the first year of the Valet Parking Pilot Program at Parking Lot 11 and renewed the program for a second year.

- Held a Spanish-language Community Resource Fair planned by the Leadership Academy Ambassadors Program, bringing together 20 nonprofits and community organizations, with 120 residents in attendance.

- Completed a strategy and timeline for developing an action plan based on the 422 responses received from the Age-Friendly survey, which was conducted while the Age-Friendly Task Force completed a resource guide for seniors.

- Developed a strategy and committed funding for low-income child-care subsidies as part of the City's contract with the Learning Links child-care provider.

- Launched pilot food scraps collection program for multi-family complexes.

- Offered weekly English as a Second Language (ESL) Conversation Club sessions, weekly Language Swap sessions, 40 Bilingual Storytimes (Spanish and Mandarin—new), monthly Drop-In Bike Clinics, and monthly educational classes on environmentally friendly gardening and environmental sustainability at the Library.

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- Completed the Peninsula Bikeway interim route and initiated the long-term Peninsula Bikeway route alignment alternatives study in partnership with the Cities of Palo Alto, Menlo Park, and Redwood City.

- Completed Neighborhood Traffic Management Program (NTMP) projects on Easy Street, Gretel Lane, Gladys Avenue, and Sylvan Avenue. These included speed humps, electronic speed feedback signs, and pedestrian-activated flashing pedestrian crossing signs.

- Hosted the second Multicultural Festival attracting 1,000 attendees, featuring 14 cultural booths, performances from 13 community organizations, and crafts and games.

- Approved Public Improvement Plans and executed Improvement Agreements for Shorebreeze Apartments, Mid-Peninsula Affordable Housing Development, Microsoft, and 600 Clyde Avenue (Google-leased). Approved Public Improvement Plans at Vargas Elementary School, which includes a new traffic signal at the Whisman Road-Pacific Drive intersection.

- Produced a monthly Sustainability newsletter and created a Sustainability Facebook page, with a reach of over 1,400 contacts through the Program's various communication channels.

**AWARDS AND ACKNOWLEDGMENTS**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the 29th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized CAFR that satisfied both GAAP and applicable legal requirements. The GFOA award is valid for a one-year period only. We believe our current CAFR continues to meet the program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Distinguished Budget Presentation Award for its annual budget document for Fiscal Year 2018-19. In order to qualify for this Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communication device.

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The preparation of the CAFR was made possible by the dedication of the entire Finance and Administrative Services Department staff, in particular Helen He, Accounting Manager; and Janet Shum, Senior Accountant. Every member of the department deserves recognition and thanks for their commitment to the City and their profession. We would also like to thank the members of the City Council for their policy guidance and oversight in managing the financial operations of the City in a fiscally responsible manner.

Respectfully submitted,

Jesse Takahashi
Finance and Administrative
Services Director

Daniel H. Rich
City Manager

JT-DHR/HH/6/FIN
546-11-25-19L

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**Exhibit 2**

# City of Mountain View
# California

## City Officials

<u>City Council</u>

Lisa Matichak, Mayor

Margaret Abe-Koga, Vice Mayor

Christopher R. Clark
Alison Hicks
Ellen Kamei
John McAlister
Lucas Ramirez

<u>City Staff</u>

Daniel H. Rich, City Manager
Jannie L. Quinn, City Attorney
Lisa Natusch, City Clerk
Audrey Seymour Ramberg, Assistant City Manager
Roger Jensen, Chief Information Officer/Information Technology Director
Jesse Takahashi, Finance and Administrative Services Director
Aarti Shrivastava, Assistant City Manager/Community Development Director
Michael A. Fuller, Public Works Director
John Marchant, Interim Community Services Director
Tracy Gray, Library Services Director
Juan Diaz, Fire Chief
Max Bosel, Police Chief

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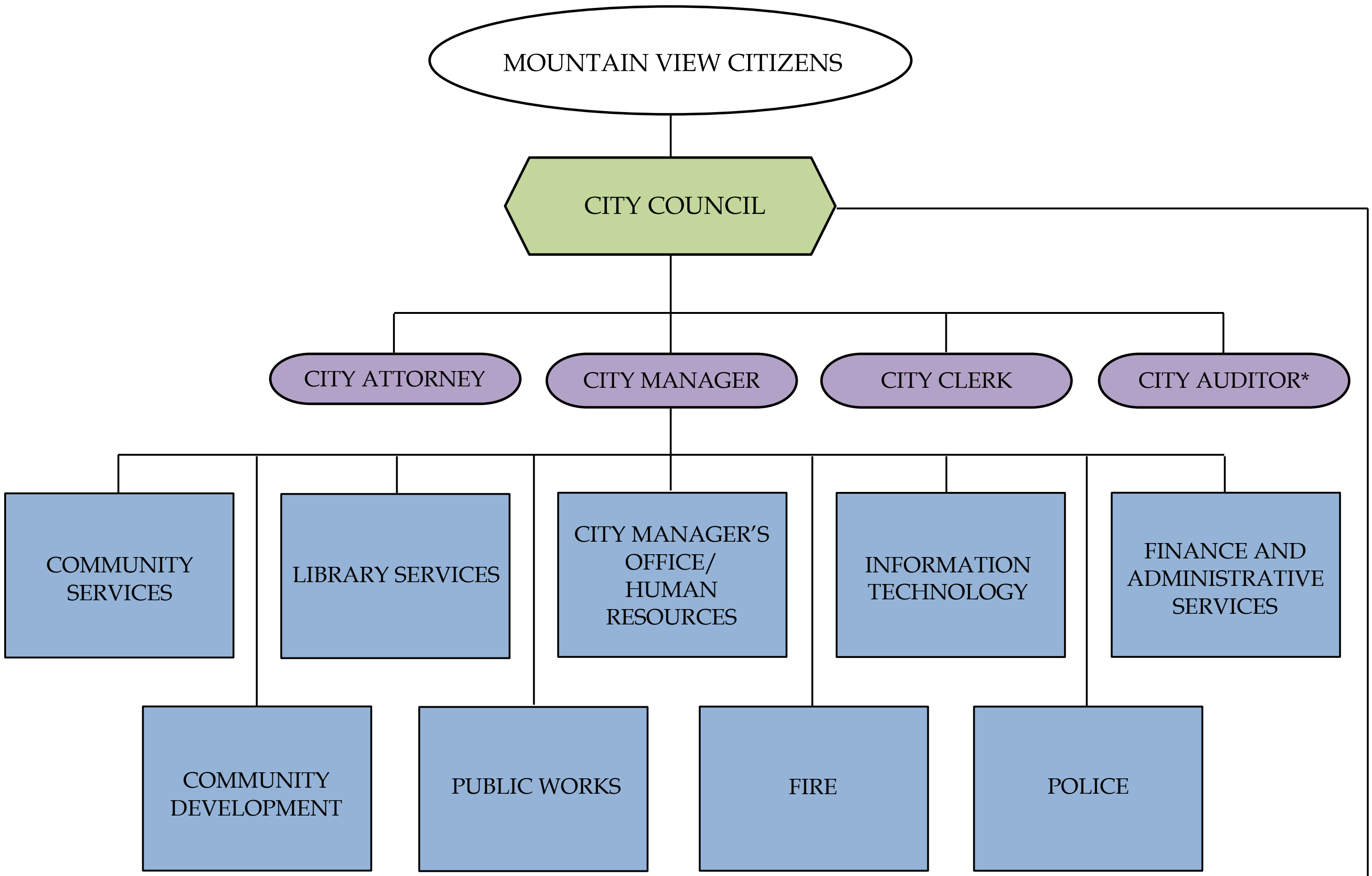
Exhibit 3

# CITY GOVERNMENT ORGANIZATION




**KEY:**
- ELECTED
- APPOINTED BY COUNCIL
- APPOINTED BY CITY MANAGER

## CITY BOARDS, COMMISSIONS, AND COMMITTEES

**Charter**

Environmental Planning Commission
Library Board
Parks and Recreation
Rental Housing Committee

**Non-Charter**

Bicycle/Pedestrian Advisory Committee
Downtown Committee
Human Relations Commission
Performing Arts Committee
Senior Advisory Committee
Visual Arts Committee
Youth Advisory Committee

*Finance and Administrative Services Director serves as City Auditor.

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Exhibit 4

Government Finance Officers Association

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

**City of Mountain View**
**California**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

**June 30, 2018**

Christopher P. Morrill

Executive Director/CEO

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## Independent Auditor's Report

Honorable Mayor and Members
of the City Council
City of Mountain View, California

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mountain View, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

***Auditor's Responsibility***

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

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

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

Macias Gini & O'Connell LLP
2121 N. California Boulevard, Suite 750
Walnut Creek, CA 94596

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### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, the Shoreline Regional Park Community Fund, and the Housing Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

*Required Supplementary Information*

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

*Other Information*

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

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them. The component unit financial statements section includes the separately audited Mountain View Shoreline Regional Park Community basic financial statements.

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

In accordance with *Government Auditing Standards,* we have also issued our report dated November 25, 2019, 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.

Macias Gini & O'Connell LLP

Walnut Creek, California
November 25, 2019

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**CITY OF MOUNTAIN VIEW, CALIFORNIA**
**Management's Discussion and Analysis (MD&A)**
**for the Fiscal Year Ended June 30, 2019**

This section of the City of Mountain View's (City) Comprehensive Annual Financial Report (CAFR) presents a narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in our letter of transmittal, and to recognize that the financial statements focus on past results compared to the City's operating budget, that focuses on future goals and allocation of resources.

## FINANCIAL HIGHLIGHTS

The following are some of the key financial highlights for the fiscal year:

- The assets, plus deferred outflows of resources of the City, exceeded its liabilities and deferred inflows of resources at the close of the fiscal year ended June 30, 2019 by $1.07 billion (net position). Of this amount, $50.6 million (unrestricted net position) may be used to meet the City's ongoing obligations. This is not, however, the same as an operating budget surplus.

- The City's total net position increased by $117.6 million compared to the $99.5 million increase in the prior fiscal year. This is attributable to increased investment income as a result of growth in the portfolio, fair value adjustments, and higher interest earnings. It is also attributable to increases in capital grants and contributions in governmental activities, which is primarily related to a one-time public benefit contribution of $11.4 million. Sales taxes and property taxes have increased as the economy remains strong.

- Total revenues for governmental funds are $316.1 million, an increase of $38.5 million and 13.9 percent over the prior fiscal year. Revenues continued to increase for the reasons mentioned above.

- Expenditures for governmental funds totaled $219.1 million, an increase of $9.1 million and 4.3 percent over the prior fiscal year, primarily related to inflationary increases and a $7.1 million increase in capital outlay.

- Overall, governmental fund revenues exceeded expenditures by $97.0 million excluding transfers. The growth in revenues exceeded the growth in expenditures and is discussed in more detail below.



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- As of June 30, 2019, the City's governmental funds reported combined ending fund balances of $683.6 million. Approximately 9.4 percent of this amount, $64.4 million, represents unassigned fund balance that is available to meet the City's current and future needs. It is designated for future one-time expenditures, one-time payments towards unfunded liabilities, and emergency funds.

- At the end of the fiscal year, the unassigned fund balance for the General Fund is $64.5 million, or 4.9 percent of total General Fund expenditures for the fiscal year ended June 30, 2019, an increase of 15% over the prior fiscal year. These funds may be used for funding council priorities.

- The City's total long-term debt increased by $68.2 million compared with the prior fiscal year due primarily to the issuance of Shoreline Regional Park Community 2018 Revenue Bonds of $63.8 million plus $6.4 million premium.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

### 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 information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the overall 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, such as revenues pertaining to uncollected taxes and expenses pertaining to earned, but unused, vacation and sick leave.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental



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activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, community development, and culture and recreation. The business-type activities of the City include water, wastewater, and solid waste operations (enterprise funds).

The government-wide financial statements include not only the City itself (known as the primary government) but also two legally separate entities for which the City is financially accountable: (1) Mountain View Shoreline Regional Park Community (Shoreline Community or SRPC); and (2) City of Mountain View Capital Improvements Financing Authority (Financing Authority). Although legally separate from the City, these component units are blended with the primary government because they have the same governing board as the City and because of their financial relationship with the City. In addition, separate financial information for the Shoreline Community component unit is included within the City's CAFR.

## Fund Financial Statements

The fund financial statements are designed to report information about groupings of related accounts, which are 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 the following three categories: governmental funds, proprietary funds, and fiduciary 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 near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the City's programs.

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 funds 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 government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds 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 several individual governmental funds organized according to their type (special revenue, debt service, and capital projects funds). Information is presented



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separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Shoreline Regional Park Community Fund, Housing Fund, General Capital Projects Fund, and Park Land Dedication Capital Projects Fund, all of which are considered to be major funds. Data from the remaining 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 elsewhere in this report.

The City adopts an annual appropriated budget for its major funds except the General Capital Projects Fund, which is budgeted on a project basis. Budgetary comparison statements and schedules have been provided for these funds to demonstrate compliance with budgets.

Proprietary funds are generally used to account for services for which the City charges customers—either external customers or internal customers or departments of the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. The City maintains two different types of proprietary 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, and solid waste operations, all of which are considered to be major funds of the City.

*Internal service funds* are used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment maintenance and replacement, Retirees' Health Plan, Employee Benefits Plan, and various other self-insurance liability programs. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. The internal service funds are combined into a single, aggregated presentation in the proprietary funds financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

Fiduciary funds are used to account for resources held for the benefit of employees of the City and parties outside the City. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements.

**Notes to the Basic Financial Statements**

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



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**Other**

Required Supplementary Information includes schedules required to be presented showing information related to the City's pension plans and other postemployment benefits plan.

Other Supplementary Information includes the Combining Statements and Schedules of the nonmajor governmental funds, internal service funds, and agency funds.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The City presents its financial statements under the reporting model required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*. Two fiscal years of financial information and a comparative analysis of government-wide data are included in this MD&A.



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## Analysis of Net Position

A condensed summary of the City's net position for governmental and business-type activities is as follows:

**Condensed Statement of Net Position**
(Dollars in Thousands)

| | Governmental Activities | | Business-Type Activities | | **Total** | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | **2019** | **2018** |
| **Assets:** | | | | | | |
| Current and other assets | $ 756,712 | 596,275 | 106,977 | 102,190 | **863,689** | **698,465** |
| Capital assets | 494,842 | 482,108 | 93,861 | 87,893 | **588,703** | **570,001** |
| Total assets | 1,251,554 | 1,078,383 | 200,838 | 190,083 | **1,452,392** | **1,268,466** |
| **Deferred outflows of resources:** | | | | | | |
| Pension items | 43,873 | 59,754 | 3,938 | 5,927 | **47,811** | **65,681** |
| OPEB Items | 16,654 | 23,731 | 562 | 1,796 | **17,216** | **25,527** |
| Total deferred outflows of resources | 60,527 | 83,485 | 4,500 | 7,723 | **65,027** | **91,208** |
| **Liabilities:** | | | | | | |
| Current and other liabilities | 25,049 | 30,279 | 6,992 | 6,690 | **32,041** | **36,969** |
| Noncurrent liabilities | 381,046 | 330,779 | 29,460 | 32,784 | **410,506** | **363,563** |
| Total liabilities | 406,095 | 361,058 | 36,452 | 39,474 | **442,547** | **400,532** |
| **Deferred inflows of resources:** | | | | | | |
| Pension items | 2,809 | 2,553 | 361 | 271 | **3,170** | **2,824** |
| OPEB items | 5,144 | 7,348 | - | - | **5,144** | **7,348** |
| Total deferred inflows of resources | 7,953 | 9,901 | 361 | 271 | **8,314** | **10,172** |
| **Net position:** | | | | | | |
| Net investment in capital assets | 466,424 | 450,851 | 86,332 | 79,783 | **552,756** | **530,634** |
| Restricted | 463,224 | 382,993 | - | - | **463,224** | **382,993** |
| Unrestricted | (31,615) | (42,935) | 82,193 | 78,278 | **50,578** | **35,343** |
| Total net position | $ 898,033 | 790,909 | 168,525 | 158,061 | **1,066,558** | **948,970** |

The largest portion (51.8 percent) of the City's net position of $552.8 million reflects its investment in capital assets (e.g., land, buildings, other improvements, etc.) less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens and, therefore, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be liquidated for these liabilities. An additional 43.4 percent of the City's net position, or $463.2 million represents resources that are subject to external restrictions on how they may be used. The last portion of the City's net position, $50.6 million (4.8 percent), represents unrestricted net position, which may be used to meet the City's ongoing obligations.



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For governmental activities, the City reported a negative balance of $31.6 million of unrestricted net position, and for business-type activities, the City reported a positive balance of $82.2 million of unrestricted net position. The unrestricted net position is Citywide and may not represent availability of resources for budgetary purposes. The negative unrestricted net position for the governmental activities is mainly due to the impact of the recording of pension and OPEB related items upon the implementation of GASB Statements No. 68 and No. 75.

## Analysis of Statement of Activities

The changes in net position for governmental and business-type activities are as follows:

**Condensed Statement of Activities**
(Dollars in Thousands)

| | Governmental Activities | | Business-Type Activities | | **Total** | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | **2019** | **2018** |
| **Revenues:** | | | | | | |
| Program Revenues: | | | | | | |
| Charges for services | $ 71,606 | 70,094 | 73,945 | 77,810 | **145,551** | **147,904** |
| Operating grants and contributions | 5,111 | 3,265 | - | - | **5,111** | **3,265** |
| Capital grants and contributions | 74,279 | 68,479 | 2,636 | 12,761 | **76,915** | **81,240** |
| General Revenues: | | | | | | |
| Property taxes | 95,420 | 92,478 | - | - | **95,420** | **92,478** |
| Sales taxes | 25,058 | 20,713 | - | - | **25,058** | **20,713** |
| Transient occupancy tax | 7,051 | 7,057 | - | - | **7,051** | **7,057** |
| Utility users tax | 7,850 | 8,136 | - | - | **7,850** | **8,136** |
| Nonregulatory franchise and busines | 5,549 | 5,364 | - | - | **5,549** | **5,364** |
| Intergovernmental revenue | 219 | 228 | - | - | **219** | **228** |
| Investment income | 26,411 | 1,459 | 2,405 | 137 | **28,816** | **1,596** |
| Total revenues | 318,554 | 277,273 | 78,986 | 90,708 | **397,540** | **367,981** |
| **Expenses:** | | | | | | |
| General government | 46,797 | 44,602 | - | - | **46,797** | **44,602** |
| Public safety | 70,435 | 66,688 | - | - | **70,435** | **66,688** |
| Public works | 35,195 | 36,057 | - | - | **35,195** | **36,057** |
| Community development | 18,859 | 18,206 | - | - | **18,859** | **18,206** |
| Culture and recreation | 35,619 | 35,698 | - | - | **35,619** | **35,698** |
| Interest on long-term debt | 3,971 | 1,633 | - | - | **3,971** | **1,633** |
| Water | - | - | 35,868 | 35,101 | **35,868** | **35,101** |
| Wastewater | - | - | 19,526 | 17,294 | **19,526** | **17,294** |
| Solid Waste | - | - | 13,682 | 13,235 | **13,682** | **13,235** |
| Total expenses | 210,876 | 202,884 | 69,076 | 65,630 | **279,952** | **268,514** |
| Change in net position before transfers | 107,678 | 74,389 | 9,910 | 25,078 | **117,588** | **99,467** |
| Transfers, net | (554) | (588) | 554 | 588 | **-** | **-** |
| Change in net position | 107,124 | 73,801 | 10,464 | 25,666 | **117,588** | **99,467** |
| Beginning net position | 790,909 | 717,108 | 158,061 | 132,395 | **948,970** | **849,503** |
| Ending net position | $ 898,033 | 790,909 | 168,525 | 158,061 | **1,066,558** | **948,970** |



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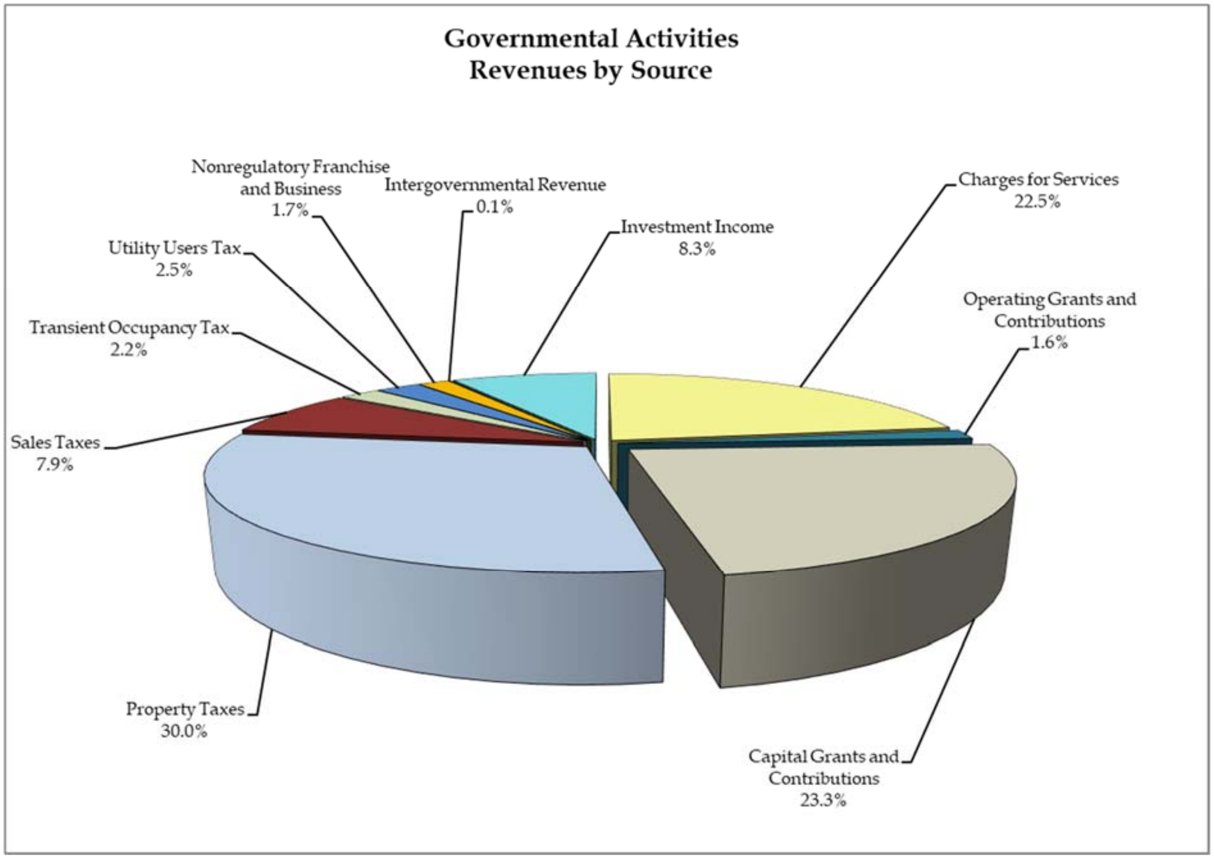


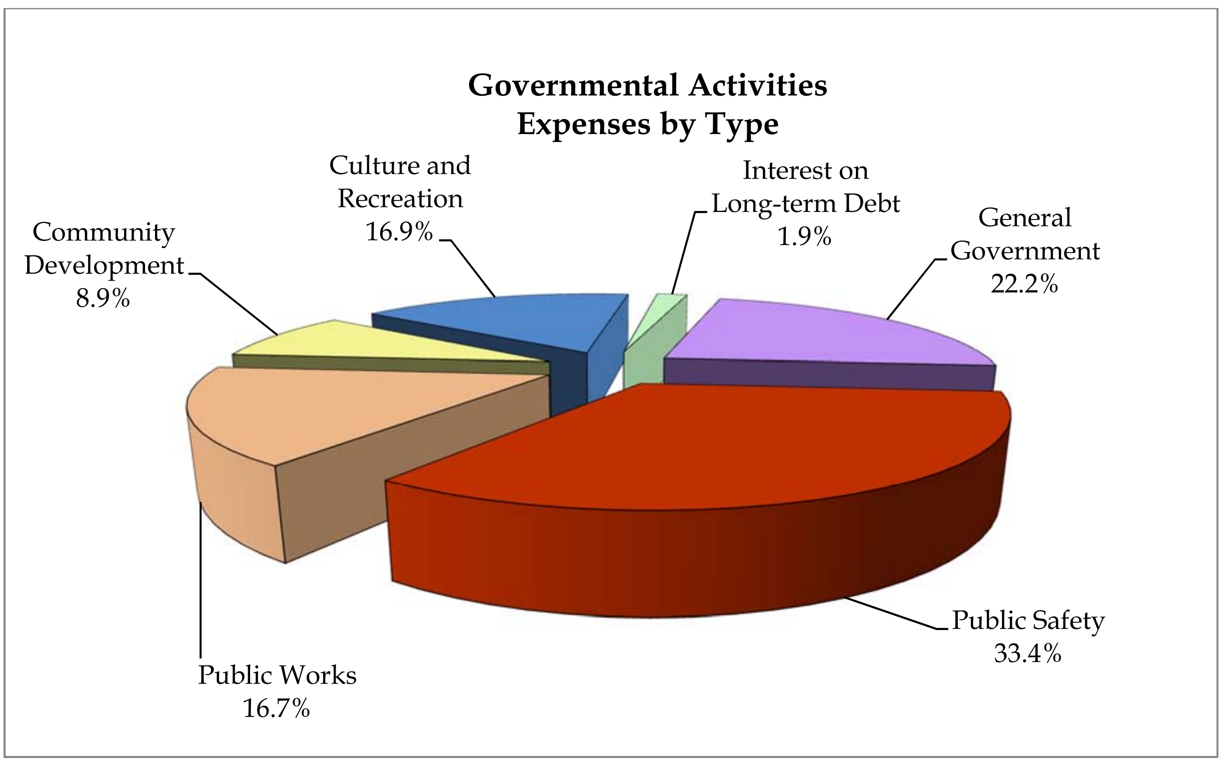




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The City's overall net position increased by $117.6 million during the current fiscal year.

Governmental activities increased the City's net position by $107.1 million compared to $73.8 million for the prior fiscal year. Key factors are as follows:

- Total revenues increased to $318.6 million, $41.3 million higher than the prior fiscal year. Some revenue sources have increased due to the continued strength of the economy. Investment income increased $25.0 million due to an increase in the investment portfolio, fair value adjustments, and higher interest earnings related to rising interest rates. Capital grants and contributions increased $5.8 million, primarily related to a one-time public benefit contribution of $11.4 million. Sales Taxes increased $4.3 million over the prior fiscal year as the economy remained strong during the year. Property taxes increased $2.9 million over the prior fiscal year as the real estate market remains strong with continued increases in the median price of homes, changes in ownerships, and new development added to the tax roll.

- Overall expenses increased $8.0 million or 3.9 percent from the prior fiscal year, primarily due to increased interest expense on long-term debt of $2.3 million and other inflationary cost increases.

Business-type activities increased the City's net position by $10.5 million. Key factors for this increase are as follows:

- Water net position increased by $1.6 million, primarily due to investment income of $1.3 million and an increase in charges for services revenues resulting from rate adjustments adopted to fund the increases in water costs.

- Wastewater net position increased by $6.1 million as revenues received from capacity and development impact fees are set aside to fund capital projects.

- Solid waste net position increased by $2.8 million as revenues exceeded expenses due to higher development demand for services and operational savings.

## FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, 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 account for the near-term inflows, outflows, and balances of resources that are available for spending. This information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Types of governmental funds reported by the City include the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Project Funds.

As of the fiscal year ended June 30, 2019, the City's governmental funds reported combined ending fund balances of $683.6 million, an increase of $163.5 million in comparison to the prior fiscal year. The components for the increase are increases of $15.8 million in the General Fund, $28.4 million in the Housing Fund, $39.7 million in the General Capital Projects Fund, $10.7 million in the Park Land Dedication Capital Projects Fund, $63.0 million in the Shoreline Regional Park Community Fund, and $6.0 million in the Other Governmental Funds.

The increases in the General Fund, the Housing Fund, the General Capital Projects Fund, and the Park Land Dedication Capital Projects Fund are primarily related to increases in investment income, charges for services and taxes (as mentioned above), higher transfers into the General Capital Projects Fund, and increases in the Housing Fund and the Park Land Dedication Capital Projects Fund, primarily due to development-related fees generated from the current high level of development activity. The increase in the Shoreline Regional Park Community Fund is due to the issuance of Shoreline Regional Park Community 2018 Revenue Bonds of $63.8 million.

Approximately $64.4 million of total fund balance constitutes unassigned fund balance and is available for spending at the City's discretion. The remainder of fund balance is nonspendable ($0.6 million), restricted ($532.7 million), committed ($83.1 million), and assigned ($2.8 million), none of which is available for new discretionary spending. The restricted fund balance increased to $532.7 million or $150.1 million over the prior fiscal year as a result of the fund balances increasing in restricted funds due to factors as mentioned above.

For the fiscal year ended June 30, 2019, revenues for governmental funds overall totaled $316.1 million, which represents an increase of $38.5 million from the prior fiscal year—again, primarily related to rising yield earned on investments and higher taxes. Expenditures for governmental funds total $219.1 million, an increase of $9.1 million from the prior fiscal year. This is due to general increases in all funds and an increase of $7.1 million in capital outlay. Major capital outlay projects were related to the Rengstorff Park Community Center Construction, Crittenden Park Turf Replacement Design, 17-18 Street Resurfacing, and East Whisman Area TOD Improvements. For the fiscal year ended June 30, 2019, revenues for governmental funds exceeded expenditures by $97.0 million.

The General Fund is used to account for all revenues and expenditures necessary to carry out basic government activity of the City that is not accounted for through other funds. As of the fiscal year ended June 30, 2019, the unassigned fund balance is $64.5 million, $8.6 million more than the prior fiscal year.



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As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance of $64.5 million represents 45.1 percent of total fund balance, 44.9 percent of fund expenditures of $143.4 million, while total fund balance represents 99.8 percent of that same amount. These percentages are comparable to the prior fiscal year.

The fund balance of the City's General Fund increased by $15.8 million during the current fiscal year. Total General Fund revenues increased to $172.7 million, up $17.3 million from $155.4 million in the prior fiscal year, as revenues, primarily tax and fee revenues, are growing with the continued strong local economy as previously discussed. Investment income also increased as a result of growth in the portfolio, fair value adjustments, and higher interest earnings.

The Shoreline Regional Park Community Fund receives property tax increment revenues on property within the Shoreline Community. The fund accounts for the revenues and expenditures of the Shoreline Community.

Revenues are $42.7 million for the fiscal year ended June 30, 2019, a decrease of $17.1 million. Revenues are lower, primarily due to receipt of one-time developer fees and contributions related to new development activity in the prior fiscal year.

Expenditures are $24.3 million for the fiscal year ended June 30, 2019, compared to $24.1 million in the prior fiscal year. Of this amount, $18.2 million was expended on general government and $3.5 million on culture and recreation, which are comparable to the prior fiscal year.

In addition, $28.5 million was transferred out for debt service payments and capital improvement projects, while proceeds from bond issuance totaled $70.2 million. The fund balance as of June 30, 2019 of $100.1 million may be used only for expenditures of the Shoreline Community.

The Housing Fund accounts for fees paid by developers to provide for increasing and improving the supply of extremely low-, very low-, low-, and moderate-income housing (affordable housing).

Revenues are $43.4 million for the fiscal year ended June 30, 2019, an $11.7 million increase from prior fiscal year, due to a high level of development activity as a result of the continued strong economy. The fund balance as of June 30, 2019 of $120.3 million may be used for increasing the supply of affordable housing.

The General Capital Projects Fund accounts for all general capital improvements not funded from proprietary funds.



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Revenues are $21.0 million for the fiscal year ended June 30, 2019, an increase of $17.5 million from the prior fiscal year, primarily due to the increases in investment income and other revenues related to a one-time public benefit contribution of $11.4 million.

Expenditures are $39.3 million for the fiscal year ended June 30, 2019, $7.8 million more than the prior fiscal year. All of the $39.3 million was expended on capital outlay. Major projects were related to Rengstorff Park Community Center Construction, Crittenden Improvement. The fund balance of $174.5 million as of June 30, 2019 may be used for capital projects.

The Park Land Dedication Capital Projects Fund accounts for revenues derived from fees on residential subdivisions used for park and recreation projects.

Revenues are $11.9 million for the fiscal year ended June 30, 2019, an increase of $3.4 million from the prior fiscal year, due to development projects occurring. The fund balance of $62.0 million as of June 30, 2019 may be used for park and recreation projects.

**Proprietary Funds**—The City's proprietary funds statements provide the same type of information found in the government-wide financial statements but in more detail.

At the end of the fiscal year, the unrestricted net positions for the Water, Wastewater, and Solid Waste Funds are $38.3 million, $33.1 million, and $10.7 million, respectively. The total increase in net position for the enterprise funds is $10.5 million. The internal service funds, which are used to account for certain governmental activities, have an unrestricted net position of $38.3 million. Factors concerning the finances of the enterprise funds have been addressed previously in the discussion of the City's business-type activities.

**Fiduciary Funds**—The City maintains fiduciary funds for assets held by the City as an agent for the benefit of agencies outside of the City or employees. As of June 30, 2019, the assets of the Agency funds totaled $30.4 million, comparable to the assets as of June 30, 2018.

## GENERAL FUND BUDGETARY HIGHLIGHTS

General Fund differences between the original Fiscal Year 2018-19 budget and the final amended budget resulted in an increase of $2.8 million in budgeted revenue (primarily related to Other Revenues) and $18.2 million increase in expenditure appropriations. Approximately $5.2 million of the adjustment in expenditure appropriations is related to prior year encumbrances that carry forward at the beginning of the fiscal year as specified in the City's Charter. An additional $5.3 million of appropriations was established for the capital outlay. An additional $3.1 million of appropriations was established for the payment for building inspection, fire plan checking, and land development engineering contract services related to development activity, which are cost-recovered by fees from the developers. In addition, $1.5 million of appropriations was established for the payment of compensated absences. The balance of adjustments was made midyear for various operational needs not anticipated during budget adoption and grants or reimbursements received during the fiscal year.

General Fund revenues are $17.4 million or 11.2 percent higher than the final amended budget for the fiscal year. This is a result of sales tax and property tax revenue increases due to the continued strong economy. Investment income also increased as a result of growth in the portfolio, fair value adjustments, and higher interest earnings. Expenditures for the General Fund are $24.9 million lower than the final amended budget for the fiscal year. All departments' expenditures are lower than budget due to salary and benefit savings incurred from vacant positions and underspending in various services and supplies accounts. The effect of the revenues higher than budget and the underutilization of appropriations contributed to the positive net change in fund balances compared to budget of $45.3 million for the fiscal year.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The City's capital assets for its governmental and business-type activities as of June 30, 2019 amount to $588.7 million (net of accumulated depreciation). Capital assets include land, construction in progress, buildings, improvements other than buildings, machinery and equipment, and infrastructure. The total net increase in the City's capital assets as of June 30, 2019 is $18.7 million or 3.3 percent.

The change in capital assets, net of depreciation, for the governmental and business-type activities are as follows:

**Capital Assets**
(Dollars in Thousands)

| | Governmental Activities | | Business-Type Activities | | **Total** | |
|---|---|---|---|---|---|---|
| | 2019 | 2018 | 2019 | 2018 | **2019** | **2018** |
| Land | $ 108,783 | 104,046 | 220 | 220 | **109,003** | **104,266** |
| Construction in progress | 81,030 | 64,774 | 17,169 | 15,551 | **98,199** | **80,325** |
| Buildings | 164,543 | 164,543 | 8,748 | 8,748 | **173,291** | **173,291** |
| Improvements other than buildings | 194,498 | 188,350 | 150,020 | 139,655 | **344,518** | **328,005** |
| Machinery and equipment | 38,952 | 38,503 | 7,824 | 7,158 | **46,776** | **45,661** |
| Traffic signals | 14,766 | 12,484 | - | - | **14,766** | **12,484** |
| Streetlights | 8,853 | 8,853 | - | - | **8,853** | **8,853** |
| Bridges and culverts | 18,440 | 18,440 | - | - | **18,440** | **18,440** |
| Sidewalks, curbs and gutters | 113,901 | 113,177 | - | - | **113,901** | **113,177** |
| Streets and roads | 274,948 | 267,609 | - | - | **274,948** | **267,609** |
| Less accumulated depreciation | (523,872) | (498,671) | (90,120) | (83,439) | **(613,992)** | **(582,110)** |
| | $ 494,842 | 482,108 | 93,861 | 87,893 | **588,703** | **570,001** |



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Major capital asset events during the current fiscal year included the following:

- Total capital assets increased by $18.7 million due to an increase in assets of $50.6 million, offset by a $31.9 million increase in accumulated depreciation.

- Total construction in progress increased by $17.9 million. Some of the major projects were the Rengstorff Park Community Center Construction, Crittenden Park Turf Replacement Design, 17-18 Street Resurfacing, and East Whisman Area TOD Improvements.

- The City's infrastructure assets are recorded at historical cost in the government-wide financial statements as required by GASB Statement No. 34, and all depreciable capital assets were depreciated from acquisition date to the end of the current fiscal year. Governmental fund financial statements record capital asset purchases as expenditures.

Additional information about the City's capital assets is discussed in Note 6 to the financial statements.

## Debt Administration

As of June 30, 2019, the City had $159.4 million of outstanding long-term obligations related to governmental activities and $8.9 million related to business-type activities, for a total of $168.3 million. Debt outstanding as of June 30, 2019 with a comparison to prior year and the net change are as follows:

**Debt Outstanding**

(Dollars in Thousands)

| | 2019 | 2018 | Net Change |
|---|---|---|---|
| Revenue bonds | $ 97,863 | 29,555 | 68,308 |
| Bank loan | - | 1,607 | (1,607) |
| Special assessment debt | 49 | 95 | (46) |
| Compensated absences | 10,002 | 9,597 | 405 |
| Landfill containment | 39,967 | 39,758 | 209 |
| Claims liabilities | 11,481 | 10,109 | 1,372 |
| Total governmental activities debt | 159,362 | 90,721 | 68,641 |
| Business-type activities | 8,954 | 9,391 | (437) |
| Total | $ 168,316 | 100,112 | 68,204 |



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The increases to long-term debt were primarily due to the issuance of Shoreline Regional Park Community 2018 Revenue Bonds of $63.8 million. The City Charter limits bonded indebtedness for General Obligation bonds to 15.0 percent of the total assessed valuation of all real and personal property within the City. The City has no general obligation debt outstanding as of June 30, 2019. Standard & Poor's reconfirmed the City's underlying "AAA" credit rating in July 2014.

Additional information regarding the City's long-term obligations is discussed in Note 7 to the financial statements.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The City's revenues performed better than projected as the economy remained strong during the fiscal year. Development activity continued to be brisk, resulting in increased revenues. Revenues are projected to continue to be higher for next fiscal year as the economy is expected to see additional growth.

- Overall, property taxes for the City are expected to increase in the upcoming fiscal year based on increases in property taxes from new development, changes in ownership, and the 2.0 percent increase in assessed values due to the positive California Consumer Price Index.

- Sales tax revenue is expected to be lower than the current fiscal year due to corrections received in the fiscal year ended June 30, 2019 for the prior fiscal year.

- Other taxes comprised of Transient Occupancy Tax (TOT), business license, and Utility Users Tax (UUT) are anticipated to significantly increase in Fiscal Year 2019-20 due to the new business license tax structure effective January 1, 2020.

- Use of Money and Property is projected to increase as the yield earned on investments rises and increases in revenues from City leased property.

- Average increases in potable water, wastewater, and solid waste rates of 1 percent, 3 percent, and 3 percent, respectively, have been adopted for Fiscal Year 2019-20 to ensure to recover the costs of providing those services.

All of these factors were considered in preparing the City's budget for Fiscal Year 2019-20.



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## REQUESTS FOR INFORMATION

These financial statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Finance and Administrative Services Department, 500 Castro Street, P.O. Box 7540, Mountain View, California, 94039-7540, or *finance@mountainview.gov*.



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**CITY OF MOUNTAIN VIEW**
**Statement of Net Position**
**June 30, 2019**
**(Dollars in Thousands)**

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| **Assets:** | | | |
| Cash and investments | $ 625,748 | 57,992 | 683,740 |
| Restricted cash and investments | 77,219 | 1 | 77,220 |
| Receivables: | | | |
| Accounts | 1,973 | 13,347 | 15,320 |
| Taxes | 6,399 | - | 6,399 |
| Special assessments | 14 | - | 14 |
| Interest | 3,179 | 484 | 3,663 |
| Loans | 76,697 | - | 76,697 |
| Internal balances | (35,153) | 35,153 | - |
| Inventory | 577 | - | 577 |
| Deposits and prepaid items | 59 | - | 59 |
| Capital assets: | | | |
| Nondepreciable | 189,813 | 17,389 | 207,202 |
| Depreciable, net of accumulated depreciation | 305,029 | 76,472 | 381,501 |
| Total assets | 1,251,554 | 200,838 | 1,452,392 |
| **Deferred outflows of resources:** | | | |
| Pension items | 43,873 | 3,938 | 47,811 |
| OPEB items | 16,654 | 562 | 17,216 |
| Total deferred outflows of resources | 60,527 | 4,500 | 65,027 |
| **Liabilities:** | | | |
| Accounts payable and accrued liabilities | 11,545 | 6,641 | 18,186 |
| Interest payable | 1,907 | - | 1,907 |
| Refundable deposits | 6,099 | 351 | 6,450 |
| Unearned revenue | 5,498 | - | 5,498 |
| Long-term and other liabilities | | | |
| Due within one year: | | | |
| Long-term liabilities | 6,280 | 881 | 7,161 |
| Due in more than one year: | | | |
| Long-term liabilities | 153,082 | 8,073 | 161,155 |
| Net pension liability | 196,279 | 19,944 | 216,223 |
| Net OPEB liability | 25,405 | 562 | 25,967 |
| Total liabilities | 406,095 | 36,452 | 442,547 |
| **Deferred inflows of resources:** | | | |
| Pension items | 2,809 | 361 | 3,170 |
| OPEB items | 5,144 | - | 5,144 |
| Total deferred inflows of resources | 7,953 | 361 | 8,314 |
| **Net position:** | | | |
| Net investment in capital assets | 466,424 | 86,332 | 552,756 |
| Restricted for: | | | |
| Capital projects | 236,678 | - | 236,678 |
| Debt service | 6,677 | - | 6,677 |
| Low and moderate income housing | 134,633 | - | 134,633 |
| Shoreline Regional Park Community | 30,597 | - | 30,597 |
| Grants and regulations | 54,639 | - | 54,639 |
| Unrestricted | (31,615) | 82,193 | 50,578 |
| Total net position | $ 898,033 | 168,525 | 1,066,558 |

See accompanying notes to the financial statements.



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**CITY OF MOUNTAIN VIEW**
**Statement of Activities**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | | Program Revenues | | |
|---|---|---|---|---|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| **Function/Program Activities:** | | | | |
| Primary government: | | | | |
| **Governmental activities:** | | | | |
| General government | $ 46,797 | 42,286 | 388 | 350 |
| Public safety | 70,435 | 1,407 | 354 | - |
| Public works | 35,195 | 3,906 | 3,192 | 23,599 |
| Community development | 18,859 | 18,266 | 990 | 40,747 |
| Culture and recreation | 35,619 | 5,741 | 187 | 9,583 |
| Interest on long-term debt | 3,971 | - | - | - |
| Total governmental activities | 210,876 | 71,606 | 5,111 | 74,279 |
| **Business-type activities:** | | | | |
| Water | 35,868 | 34,844 | - | 1,356 |
| Wastewater | 19,526 | 23,513 | - | 1,280 |
| Solid Waste | 13,682 | 15,588 | - | - |
| Total business-type activities | 69,076 | 73,945 | - | 2,636 |
| Total primary government | $ 279,952 | 145,551 | 5,111 | 76,915 |

**General revenues:**
Property taxes
Sales taxes
Transient occupancy tax
Utility users tax
Nonregulatory franchise and business, unrestricted
Intergovernmental - Not restricted to specific programs
Investment income
**Transfers**

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year



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| Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|
| Governmental Activities | Business-type Activities | Total |
| | | |
| (3,773) | - | (3,773) |
| (68,674) | - | (68,674) |
| (4,498) | - | (4,498) |
| 41,144 | - | 41,144 |
| (20,108) | - | (20,108) |
| (3,971) | - | (3,971) |
| (59,880) | - | (59,880) |
| | | |
| - | 332 | 332 |
| - | 5,267 | 5,267 |
| - | 1,906 | 1,906 |
| - | 7,505 | 7,505 |
| (59,880) | 7,505 | (52,375) |
| | | |
| 95,420 | - | 95,420 |
| 25,058 | - | 25,058 |
| 7,051 | - | 7,051 |
| 7,850 | - | 7,850 |
| 5,549 | - | 5,549 |
| 219 | - | 219 |
| 26,411 | 2,405 | 28,816 |
| (554) | 554 | - |
| 167,004 | 2,959 | 169,963 |
| 107,124 | 10,464 | 117,588 |
| 790,909 | 158,061 | 948,970 |
| 898,033 | 168,525 | 1,066,558 |



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**CITY OF MOUNTAIN VIEW**
**Governmental Funds**
**Balance Sheet**
**June 30, 2019**
**(Dollars in Thousands)**

| | | General | Shoreline Regional Park Community | Housing |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and investments | $ | 147,087 | 33,671 | 76,763 |
| Restricted cash and investments | | - | 69,494 | - |
| Receivables: | | | | |
| Accounts | | 1,090 | 48 | - |
| Taxes | | 6,399 | - | - |
| Special assessments | | - | - | - |
| Interest | | 1,035 | 627 | 447 |
| Loans | | - | - | 45,701 |
| Inventory | | 505 | - | - |
| Deposits and prepaid items | | 14 | - | - |
| Total assets | $ | 156,130 | 103,840 | 122,911 |
| **Liabilities, deferred inflows of resources and fund balances:** | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ | 4,432 | 3,624 | 203 |
| Refundable deposits | | 3,442 | 30 | 2,447 |
| Unearned revenue | | 5,074 | 95 | - |
| Advances from other funds | | - | - | - |
| Total liabilities | | 12,948 | 3,749 | 2,650 |
| Deferred inflows of resources: | | | | |
| Unavailable revenues | | - | - | - |
| Fund balances: | | | | |
| Nonspendable | | 519 | - | - |
| Restricted | | 424 | 100,091 | 120,261 |
| Committed | | 74,881 | - | - |
| Assigned | | 2,819 | - | - |
| Unassigned | | 64,539 | - | - |
| Total fund balances | | 143,182 | 100,091 | 120,261 |
| Total liabilities, deferred inflows of resources and fund balances | $ | 156,130 | 103,840 | 122,911 |

See accompanying notes to the financial statements.



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| General Capital Projects | Park Land Dedication Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| 212,488 | 61,609 | 45,479 | 577,097 |
| - | - | 6,588 | 76,082 |
| | | | |
| - | - | 831 | 1,969 |
| - | - | - | 6,399 |
| - | - | 14 | 14 |
| - | 429 | 377 | 2,915 |
| - | - | 30,996 | 76,697 |
| - | - | 72 | 577 |
| - | - | - | 14 |
| 212,488 | 62,038 | 84,357 | 741,764 |
| | | | |
| 2,827 | - | 333 | 11,419 |
| - | - | 180 | 6,099 |
| - | - | 329 | 5,498 |
| 35,153 | - | - | 35,153 |
| 37,980 | - | 842 | 58,169 |
| | | | |
| - | - | 12 | 12 |
| | | | |
| - | - | 72 | 591 |
| 174,508 | 62,038 | 75,384 | 532,706 |
| - | - | 8,175 | 83,056 |
| - | - | - | 2,819 |
| - | - | (128) | 64,411 |
| 174,508 | 62,038 | 83,503 | 683,583 |
| | | | |
| 212,488 | 62,038 | 84,357 | 741,764 |

See accompanying notes to the financial statements.



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**CITY OF MOUNTAIN VIEW**
**Reconciliation of the Balance Sheet of Governmental Funds to the**
**Government-wide Statement of Net Position - Governmental Activities**
**June 30, 2019**
**(Dollars in Thousands)**

| | | |
|---|---|---|
| Fund balances - total governmental funds | | $ 683,583 |
| Amounts reported for governmental activities in the statement of net position are different because: | | |
| Capital assets net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | 494,831 |
| Internal service funds are used to charge the costs of management of equipment maintenance and replacement, insurance, retirees' health plan and employee benefits plan and related billings to other City departments and individual funds. The assets and liabilities are included in governmental activities in the statement of net position. | | 38,349 |
| Long-term receivables are not available to pay for current period expenditures and, therefore, are considered unavailable on the modified accrual basis of accounting. | | 12 |
| Interest payable on long-term debt does not require the use of current financial resources and, therefore, interest payable is not accrued as a liability in the balance sheet of governmental funds. | | (1,907) |
| Deferred outflows and inflows of resources for pension and OPEB items in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | | |
| Deferred outflows of resources | | 60,527 |
| Deferred inflows of resources | | (7,953) |
| Long-term assets and liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. | | |
| Net pension liability | $ (196,279) | |
| Net OPEB liability | (25,405) | |
| Bonds and loans payable | (97,912) | |
| Landfill containment | (39,968) | |
| Compensated absences | (9,845) | (369,409) |
| Net position of governmental activities | | $ 898,033 |



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**CITY OF MOUNTAIN VIEW**
**Governmental Funds**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | General | Shoreline Regional Park Community | Housing |
|---|---|---|---|
| **Revenues:** | | | |
| Property taxes | $ 54,184 | 40,219 | - |
| Sales taxes | 25,058 | - | - |
| Other taxes | 15,131 | - | - |
| Licenses, permits and fees | 13,953 | - | - |
| Fines and forfeitures | 979 | - | - |
| Use of money and property | 27,765 | 2,204 | 2,838 |
| Intergovernmental | 728 | 15 | - |
| Charges for services | 27,631 | 172 | - |
| Developer fees and contributions | 2,181 | - | 40,499 |
| Other | 5,099 | 59 | 15 |
| Total revenues | 172,709 | 42,669 | 43,352 |
| **Expenditures:** | | | |
| Current: | | | |
| General government | 25,896 | 18,228 | - |
| Public safety | 65,582 | 172 | - |
| Public works | 15,346 | 1,054 | - |
| Community development | 14,091 | 244 | 1,059 |
| Culture and recreation | 22,068 | 3,540 | - |
| Capital outlay | 416 | 100 | - |
| Debt service: | | | |
| Principal | - | - | - |
| Interest and fiscal charges | - | 925 | - |
| Total expenditures | 143,399 | 24,263 | 1,059 |
| Excess (deficiency) of revenues over (under) expenditures | 29,310 | 18,406 | 42,293 |
| **Other financing sources (uses):** | | | |
| Issuance of bonds | - | 63,800 | - |
| Bond premium | - | 6,416 | - |
| Transfers in | 2,728 | 2,865 | 75 |
| Transfers out | (16,281) | (28,513) | (13,971) |
| Total other financing sources (uses) | (13,553) | 44,568 | (13,896) |
| Net change in fund balances | 15,757 | 62,974 | 28,397 |
| **Fund balances, beginning of year** | 127,425 | 37,117 | 91,864 |
| **Fund balances, end of year** | $ 143,182 | 100,091 | 120,261 |



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| General Capital Projects | Park Land Dedication Capital Projects | Other Governmental Funds | Total Governmental Funds |
|---|---|---|---|
| - | - | 1,017 | 95,420 |
| - | - | - | 25,058 |
| - | - | 10,439 | 25,570 |
| - | - | 735 | 14,688 |
| - | - | - | 979 |
| 8,325 | 2,364 | 1,893 | 45,389 |
| 1,044 | - | 5,275 | 7,062 |
| - | - | 4,791 | 32,594 |
| - | 9,583 | 28 | 52,291 |
| 11,599 | - | 280 | 17,052 |
| 20,968 | 11,947 | 24,458 | 316,103 |
| | | | |
| - | - | 160 | 44,284 |
| - | - | 214 | 65,968 |
| - | - | - | 16,400 |
| - | - | 2,594 | 17,988 |
| - | - | 2,707 | 28,315 |
| 39,283 | - | 18 | 39,817 |
| | | | |
| - | - | 3,453 | 3,453 |
| - | - | 1,922 | 2,847 |
| 39,283 | - | 11,068 | 219,072 |
| | | | |
| (18,315) | 11,947 | 13,390 | 97,031 |
| | | | |
| - | - | - | 63,800 |
| - | - | - | 6,416 |
| 65,460 | 1,044 | 10,823 | 82,995 |
| (7,481) | (2,331) | (18,197) | (86,774) |
| 57,979 | (1,287) | (7,374) | 66,437 |
| 39,664 | 10,660 | 6,016 | 163,468 |
| 134,844 | 51,378 | 77,487 | 520,115 |
| 174,508 | 62,038 | 83,503 | 683,583 |

See accompanying notes to the financial statements.



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**CITY OF MOUNTAIN VIEW**
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities - Governmental Activities**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | | $ 163,468 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital assets additions | $ 38,808 | |
| Donated assets received | 914 | |
| Capital assets retirements | (147) | |
| Depreciation | (26,837) | 12,738 |
| Revenues recognized in the governmental funds that were earned and recognized in previous years are reported as beginning net position in the statement of activities. Revenues earned in the current year that did not meet the revenue recognition criteria for governmental funds are reported as revenues in the statement of activities. | | (424) |
| Pension and OPEB contributions made subsequent to the measurement date are expenditures in the governmental funds, but reported as deferred outflows of resources in the government-wide financial statements. | | 37,563 |
| Pension and OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | (40,199) |
| The issuance of bonds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. However, bonds issuance change long-term liabilities in the statement of net position and do not affect the statement of activities. | | (70,216) |
| The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. | | 3,453 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Amortization of bond premium | 108 | |
| Change in accrued interest payable | (1,232) | |
| Change in landfill containment | (210) | |
| Change in compensated absences | (431) | (1,765) |
| Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported with governmental activities. | | 2,506 |
| Change in net position of governmental activities | | $ 107,124 |

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**CITY OF MOUNTAIN VIEW**
**General Fund**
**Statement of Revenues, Expenditures, and**
**Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Property taxes | $ 52,909 | 52,909 | 54,184 | 1,275 |
| Sales taxes | 20,026 | 20,026 | 25,058 | 5,032 |
| Other taxes | 16,017 | 16,017 | 15,131 | (886) |
| Licenses, permits and fees | 12,889 | 13,233 | 13,953 | 720 |
| Fines and forfeitures | 791 | 791 | 979 | 188 |
| Use of money and property | 23,661 | 23,661 | 27,765 | 4,104 |
| Intergovernmental | 624 | 628 | 728 | 100 |
| Charges for services | 23,044 | 23,533 | 27,631 | 4,098 |
| Developer fees and contributions | 800 | 800 | 2,181 | 1,381 |
| Other | 1,765 | 3,730 | 5,099 | 1,369 |
| Total revenues | 152,526 | 155,328 | 172,709 | 17,381 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government: | | | | |
| City council | 473 | 487 | 317 | 170 |
| City clerk | 1,079 | 1,082 | 825 | 257 |
| City attorney | 2,275 | 2,327 | 2,118 | 209 |
| City manager | 5,244 | 7,093 | 6,243 | 850 |
| Information technology | 5,257 | 5,314 | 4,724 | 590 |
| Finance and administrative services | 11,876 | 13,379 | 11,669 | 1,710 |
| Public safety: | | | | |
| Fire | 27,625 | 29,198 | 27,410 | 1,788 |
| Police | 40,221 | 41,183 | 38,172 | 3,011 |
| Public works | 16,294 | 17,952 | 15,346 | 2,606 |
| Community development | 14,216 | 18,726 | 14,091 | 4,635 |
| Culture and recreation: | | | | |
| Community services | 18,163 | 18,559 | 15,982 | 2,577 |
| Library services | 6,638 | 6,981 | 6,086 | 895 |
| Capital outlay | 767 | 6,056 | 416 | 5,640 |
| Total expenditures | 150,128 | 168,337 | 143,399 | 24,938 |
| Excess (deficiency) of revenues over (under) expenditures | 2,398 | (13,009) | 29,310 | 42,319 |
| **Other financing sources (uses):** | | | | |
| Transfers in | 1,794 | 1,794 | 2,728 | 934 |
| Transfers out | (10,496) | (18,282) | (16,281) | 2,001 |
| Total other financing sources (uses) | (8,702) | (16,488) | (13,553) | 2,935 |
| Net change in fund balance | $ (6,304) | (29,497) | 15,757 | 45,254 |
| **Fund balance, beginning of year** | | | 127,425 | |
| **Fund balance, end of year** | | | $ 143,182 | |



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**CITY OF MOUNTAIN VIEW**
**Shoreline Regional Park Community Fund**
**Statement of Revenues, Expenditures, and**
**Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Property taxes | $ 41,808 | 41,808 | 40,219 | (1,589) |
| Use of money and property | 1,650 | 1,650 | 2,204 | 554 |
| Intergovernmental | - | - | 15 | 15 |
| Charges for services | 10 | 10 | 172 | 162 |
| Developer fees and contributions | - | - | - | - |
| Other | 45 | 45 | 59 | 14 |
| Total revenues | 43,513 | 43,513 | 42,669 | (844) |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government: | | | | |
| City attorney | 10 | 10 | - | 10 |
| Finance and administrative services | 18,256 | 18,264 | 18,228 | 36 |
| Public safety: | | | | |
| Fire | 138 | 139 | 132 | 7 |
| Police | 40 | 40 | 40 | - |
| Public works | 1,218 | 1,249 | 1,054 | 195 |
| Community development | 489 | 553 | 244 | 309 |
| Culture and recreation: | | | | |
| Community services | 4,271 | 4,407 | 3,540 | 867 |
| Capital outlay | 161 | 192 | 100 | 92 |
| Debt service | | | | |
| Interest and fiscal charges | - | - | 925 | (925) |
| Total expenditures | 24,583 | 24,854 | 24,263 | 591 |
| Excess of revenues over expenditures | 18,930 | 18,659 | 18,406 | (253) |
| **Other financing sources (uses):** | | | | |
| Issuance of bonds | - | - | 63,800 | 63,800 |
| Bond premium | - | - | 6,416 | 6,416 |
| Transfers in | - | - | 2,865 | 2,865 |
| Transfers out | (20,245) | (29,863) | (28,513) | 1,350 |
| Total other financing sources (uses) | (20,245) | (29,863) | 44,568 | 74,431 |
| Net change in fund balance | $ (1,315) | (11,204) | 62,974 | 74,178 |
| **Fund balance, beginning of year** | | | 37,117 | |
| **Fund balance, end of year** | | | $ 100,091 | |



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**CITY OF MOUNTAIN VIEW**
**Housing Fund**
**Statement of Revenues, Expenditures, and**
**Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Use of money and property | $ 625 | 625 | 2,838 | 2,213 |
| Developer fees and contributions | - | - | 40,499 | 40,499 |
| Other | - | - | 15 | 15 |
| Total revenues | 625 | 625 | 43,352 | 42,727 |
| **Expenditures:** | | | | |
| Current: | | | | |
| Community development | 11,984 | 33,295 | 1,059 | 32,236 |
| Total expenditures | 11,984 | 33,295 | 1,059 | 32,236 |
| Excess (deficiency) of revenues over (under) expenditures | (11,359) | (32,670) | 42,293 | 74,963 |
| **Other financing uses:** | | | | |
| Transfers in | 51 | 51 | 75 | 24 |
| Transfers out | (6) | (13,971) | (13,971) | - |
| Total other financing uses | 45 | (13,920) | (13,896) | 24 |
| Net change in fund balance | $ (11,314) | (46,590) | 28,397 | 74,987 |
| **Fund balance, beginning of year** | | | 91,864 | |
| **Fund balance, end of year** | | | $ 120,261 | |

See accompanying notes to the financial statements.



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**CITY OF MOUNTAIN VIEW**
**Proprietary Funds**
**Statement of Net Position**
**June 30, 2019**
**(Dollars in Thousands)**

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | Water | Wastewater | Solid Waste |
| **Assets:** | | | |
| Current assets: | | | |
| Cash and investments | $ 31,596 | 15,311 | 11,085 |
| Restricted cash and investments | 1 | - | - |
| Receivables: | | | |
| Accounts | 5,350 | 4,167 | 3,830 |
| Interest | 253 | 171 | 60 |
| Deposits and prepaid items | - | - | - |
| Total current assets | 37,200 | 19,649 | 14,975 |
| Noncurrent assets: | | | |
| Advance to other funds | 15,697 | 18,516 | 940 |
| Capital assets: | | | |
| Nondepreciable | 8,687 | 8,204 | 498 |
| Depreciable, net of accumulated depreciation | 53,568 | 20,259 | 2,645 |
| Total noncurrent assets | 77,952 | 46,979 | 4,083 |
| Total assets | 115,152 | 66,628 | 19,058 |
| **Deferred outflows of resources:** | | | |
| Pension items | 2,025 | 1,099 | 814 |
| OPEB items | 377 | 106 | 79 |
| Total deferred outflows of resources | 2,402 | 1,205 | 893 |
| **Liabilities:** | | | |
| Current liabilities: | | | |
| Accounts payable | 5,307 | 55 | 1,279 |
| Refundable deposits | 351 | - | - |
| Current portion of accrued compensated absences | 101 | 67 | 53 |
| Current portion of accrued self-insurance costs | - | - | - |
| Current portion of revenue bonds | 410 | - | - |
| Current portion of loans payable | 250 | - | - |
| Total current liabilities | 6,419 | 122 | 1,332 |
| Noncurrent liabilities: | | | |
| Noncurrent portion of accrued compensated absences | 550 | 364 | 290 |
| Noncurrent portion of accrued self-insurance costs | - | - | - |
| Noncurrent portion of revenue bonds | 4,560 | - | - |
| Noncurrent portion of loans payable | 2,250 | 59 | - |
| Net pension liability | 10,126 | 5,537 | 4,281 |
| Net OPEB liability | 377 | 106 | 79 |
| Total liabilities | 24,282 | 6,188 | 5,982 |
| **Deferred inflows of resources:** | | | |
| Pension items | 182 | 101 | 78 |
| **Net position:** | | | |
| Net investment in capital assets | 54,785 | 28,404 | 3,143 |
| Unrestricted | 38,305 | 33,140 | 10,748 |
| Total net position | $ 93,090 | 61,544 | 13,891 |



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| Business-type Activities - Enterprise Funds Total | Governmental Activities - Internal Service Funds |
|---|---|
| 57,992 | 48,651 |
| 1 | 1,137 |
| 13,347 | 4 |
| 484 | 264 |
| - | 45 |
| 71,824 | 50,101 |
| 35,153 | - |
| 17,389 | - |
| 76,472 | 11 |
| 129,014 | 11 |
| 200,838 | 50,112 |
| 3,938 | - |
| 562 | - |
| 4,500 | - |
| 6,641 | 126 |
| 351 | - |
| 221 | 24 |
| - | 2,582 |
| 410 | - |
| 250 | - |
| 7,873 | 2,732 |
| 1,204 | 132 |
| - | 8,899 |
| 4,560 | - |
| 2,309 | - |
| 19,944 | - |
| 562 | - |
| 36,452 | 11,763 |
| 361 | - |
| 86,332 | 11 |
| 82,193 | 38,338 |
| 168,525 | 38,349 |



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**CITY OF MOUNTAIN VIEW**
**Proprietary Funds**
**Statement of Revenues, Expenses, and Changes in Net Position**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | **Water** | **Wastewater** | **Solid Waste** |
| **Operating revenues:** | | | |
| Charges for services | $ 33,148 | 22,889 | 15,342 |
| Other | 1,696 | 624 | 246 |
| Total operating revenues | 34,844 | 23,513 | 15,588 |
| **Operating expenses:** | | | |
| Salaries and related expenses | 7,192 | 3,921 | 2,904 |
| Insurance claims and premiums | - | - | - |
| Cost of sales and services | 21,178 | 10,835 | 8,221 |
| General and administrative | 3,055 | 2,678 | 2,069 |
| Depreciation | 4,160 | 2,033 | 488 |
| Total operating expenses | 35,585 | 19,467 | 13,682 |
| Operating income (loss) | (741) | 4,046 | 1,906 |
| **Nonoperating revenues (expenses):** | | | |
| Investment income | 1,316 | 660 | 429 |
| Interest expense | (283) | (59) | - |
| Total nonoperating revenues (expenses) | 1,033 | 601 | 429 |
| Income (loss) before contributions and transfers | 292 | 4,647 | 2,335 |
| Capital contributions - developer fees | 972 | 843 | - |
| Capital contributions - other | 384 | 437 | - |
| Transfers in | 388 | 378 | 663 |
| Transfers out | (456) | (247) | (172) |
| Change in net position | 1,580 | 6,058 | 2,826 |
| **Net position, beginning of year** | 91,510 | 55,486 | 11,065 |
| **Net position, end of year** | $ 93,090 | 61,544 | 13,891 |



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| Business-type Activities - Enterprise Funds Total | Governmental Activities - Internal Service Funds |
|---|---|
| 71,379 | 12,833 |
| 2,566 | 259 |
| 73,945 | 13,092 |
| | |
| 14,017 | 8,205 |
| - | 3,998 |
| 40,234 | - |
| 7,802 | 3,565 |
| 6,681 | 4 |
| 68,734 | 15,772 |
| 5,211 | (2,680) |
| | |
| 2,405 | 1,961 |
| (342) | - |
| 2,063 | 1,961 |
| | |
| 7,274 | (719) |
| 1,815 | - |
| 821 | - |
| 1,429 | 3,867 |
| (875) | (642) |
| | |
| 10,464 | 2,506 |
| 158,061 | 35,843 |
| 168,525 | 38,349 |



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**CITY OF MOUNTAIN VIEW**
**Proprietary Funds**
**Statement of Cash Flows**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Business-type Activities - Enterprise Funds | | |
|---|---|---|---|
| | **Water** | **Wastewater** | **Solid Waste** |
| **Cash flows from operating activities:** | | | |
| Cash receipts from customers | $ 33,331 | 22,602 | 15,113 |
| Cash paid to suppliers for goods and services | (23,948) | (13,491) | (10,317) |
| Cash paid to employees for services | (6,942) | (3,736) | (2,769) |
| Claims paid | - | - | - |
| Other receipts | 1,718 | 624 | 246 |
| Net cash provided by (used in) operating activities | 4,159 | 5,999 | 2,273 |
| **Cash flows from noncapital financing activities** | | | |
| Transfers in | 388 | 378 | 663 |
| Transfers out | (456) | (247) | (172) |
| Advances paid to other funds | (508) | (5,984) | (355) |
| Net cash provided by (used in) noncapital financing activities | (576) | (5,853) | 136 |
| **Cash flows from capital and related financing activities:** | | | |
| Proceeds from issuance of capital debt | - | 59 | - |
| Principal payment on capital debt | (390) | - | - |
| Principal payment on loan | (300) | - | - |
| Interest paid on capital debt | (233) | (1) | - |
| Cash paid for cost of issuance of capital debt | - | (58) | - |
| Acquisition of capital assets | (5,343) | (5,575) | (910) |
| Contributions from developers | 972 | 843 | - |
| Net cash used in capital and related financing activities | (5,294) | (4,732) | (910) |
| **Cash flows from investing activities:** | | | |
| Interest received | 1,276 | 624 | 409 |
| Net cash provided by investing activities | 1,276 | 624 | 409 |
| Net increase (decrease) in cash and cash equivalents | (435) | (3,962) | 1,908 |
| **Cash and cash equivalents, beginning of year** | 32,032 | 19,273 | 9,177 |
| **Cash and cash equivalents, end of year** | $ 31,597 | 15,311 | 11,085 |
| **Reconciliation of cash and cash equivalents:** | | | |
| Cash and investments | $ 31,596 | 15,311 | 11,085 |
| Restricted cash and investments | 1 | - | - |
| Total cash and cash equivalents | $ 31,597 | 15,311 | 11,085 |
| **Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:** | | | |
| Operating income (loss) | $ (741) | 4,046 | 1,906 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 4,160 | 2,033 | 488 |
| Changes in assets and liabilities: | | | |
| Decrease (increase) in accounts receivable | 183 | (287) | (229) |
| Decrease (increase) in deposits and prepaid items | - | - | - |
| Increase (decrease) in accounts payable | 285 | 22 | (27) |
| Increase (decrease) in refundable deposits | 22 | - | - |
| Increase (decrease) in accrued compensated absences | 38 | 61 | 45 |
| Decrease (increase) in deferred outflows of resources - pension items | 1,022 | 563 | 404 |
| Increase (decrease) in deferred inflows of resources - pension items | 45 | 26 | 19 |
| Increase (decrease) in net pension liability | (855) | (465) | (333) |
| Decrease (increase) in deferred outflows of resources - OPEB items | 103 | 247 | 884 |
| Increase (decrease) in net OPEB liability | (103) | (247) | (884) |
| Net cash provided by (used in) operating activities | $ 4,159 | 5,999 | 2,273 |
| **Supplemental disclosure of noncash capital and related financing activities:** | | | |
| Receipt of capital assets contributions | $ 384 | 437 | - |



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| Business-type Activities - Enterprise Funds Total | Governmental Activities - Internal Service Funds |
|---|---|
| 71,046 | 13,088 |
| (47,756) | (5,385) |
| (13,447) | (8,232) |
| - | (1,040) |
| 2,588 | - |
| 12,431 | (1,569) |
| 1,429 | 3,867 |
| (875) | (642) |
| (6,847) | - |
| (6,293) | 3,225 |
| 59 | - |
| (390) | - |
| (300) | - |
| (234) | - |
| (58) | - |
| (11,828) | - |
| 1,815 | - |
| (10,936) | - |
| 2,309 | 1,922 |
| 2,309 | 1,922 |
| (2,489) | 3,578 |
| 60,482 | 46,210 |
| 57,993 | 49,788 |
| 57,992 | 48,651 |
| 1 | 1,137 |
| 57,993 | 49,788 |
| 5,211 | (2,680) |
| 6,681 | 4 |
| (333) | (4) |
| - | 195 |
| 280 | (429) |
| 22 | - |
| 144 | (27) |
| 1,989 | - |
| 90 | - |
| (1,653) | - |
| 1,234 | - |
| (1,234) | - |
| 12,431 | (1,569) |
| 821 | - |

See accompanying notes to the financial statements.



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**CITY OF MOUNTAIN VIEW**
**Agency Funds**
**Statement of Fiduciary Net Position**
**June 30, 2019**
**(Dollars in Thousands)**

| | | Total Agency Funds |
|---|---|---|
| **Assets:** | | |
| Cash and investments | $ | 29,677 |
| Restricted cash and investments | | 337 |
| Accounts receivables | | 14 |
| Deposits and prepaid items | | 398 |
| Total assets | | 30,426 |
| **Liabilities:** | | |
| Accrued payroll | | 4,711 |
| Collection payable | | 377 |
| Deposits payable | | 25,338 |
| Total liabilities | | 30,426 |



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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Mountain View (City) was incorporated in 1902 and is a charter city, having had its charter granted by the State of California in 1952. The City operates under the Council-Manager form of government and provides the following services: public safety (police, fire, and paramedic), public works, utilities (water, wastewater, and solid waste), community development, cultural and recreation services and administration and support services.

### *A. Reporting Entity*

The accompanying basic financial statements present the financial activities of the City, which is the primary government presented, along with the financial activities of its component units, which are entities for which the City is financially accountable. Although they are separate legal 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 all blended.

**The Mountain View Shoreline Regional Park Community (Shoreline Community)** is a separate government entity created for the purpose of developing approximately 1,550 acres of bayfront lands. The Shoreline Community's governing board is the same as the City and the City's management has operational responsibility for the Shoreline Community. Its financial activities have been blended in the accompanying financial statements in the Shoreline Regional Park Community Special Revenue Fund and the nonmajor debt service funds. Separate financial statements for the Shoreline Community are also included in the City's Comprehensive Annual Financial Report.

**The City of Mountain View Capital Improvements Financing Authority (Financing Authority)** is a separate government entity whose purpose is to assist with the financing or refinancing of certain public capital improvements within the City. The Financing Authority's governing board is the same as the City, the Financing Authority provides services solely to the City, and a financial benefit/burden relationship exists between the City and the Financing Authority. Its financial activities have been blended in the accompanying financial statements in the nonmajor debt service funds. Separate financial statements for the Financing Authority are not required and therefore, not issued.

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *B. Basis of Presentation*

The City's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities. These standards require that the financial statements described below be presented.

***Government-wide Statements*** - The Statement of Net Position and the Statement of Activities display information about the primary government (the City and its component units). These statements include the financial activities of the overall City government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that arise from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program, and (c) grants and contributions of capital assets or resources that are restricted for capital purposes. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. *Nonoperating* revenues, such as contributions and investment income, result from nonexchange transactions or ancillary activities.

### *C. Major Funds*

Major funds are defined as funds that have either assets combined with deferred outflow of resources, liabilities combined with deferred inflow of resources, revenues or expenditures/expenses equal to 10.0 percent of their fund-type total and 5.0 percent of the grand total of governmental and enterprise funds. Major governmental and business-type funds are identified and presented separately in the fund financial statements. All other funds, called nonmajor funds, are combined and reported in a single column, regardless of their fund-type. The General Fund is always a major fund, and the City may select other funds it believes should be presented as major funds.

The City reports major governmental funds in the basic financial statements as follows:

***General Fund*** - This is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

***Shoreline Regional Park Community Fund (Special Revenue)*** - This fund receives property tax revenues on properties within the Shoreline Community. The fund accounts for the revenues and expenditures of the Shoreline Community.

***Housing Fund (Special Revenue)*** - This fund accounts for fees paid by developers to provide for increasing and improving the supply of extremely low, very low, low, and moderate income housing (affordable housing).

***General Capital Projects Fund (Capital Projects)*** - This fund accounts for all capital improvement projects activities not funded from proprietary funds.

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Park Land Dedication Capital Projects Fund (Capital Projects)*** - This fund accounts for revenues derived from fees on residential subdivisions used for park and recreation projects.

The City reports all of its enterprise funds as major funds in the accompanying financial statements:

***Water Fund*** – This fund accounts for the revenues and expenses related to the operation, maintenance and capital outlay required to supply, distribute and meter water. The City has agreements with the San Francisco Public Utilities Commission and the Santa Clara Valley Water District for the supply of wholesale water.

***Wastewater Fund*** – This fund accounts for the revenues and expenses related to the operation, maintenance and capital outlay required to provide wastewater services. The City has an agreement with the City of Palo Alto to purchase treatment capacity at the Palo Alto Regional Water Quality Control Plant (Treatment Plant).

***Solid Waste Fund*** – This fund accounts for the revenues and expenses related to disposal services, recycling operations, other solid waste operations, capital outlay and certain costs related to maintenance of the closed landfill sites. Collection operations are provided by an outside private contractor. The City has an agreement with the Cities of Palo Alto and Sunnyvale for disposal transfer capacity at the Sunnyvale Materials and Recovery Transfer (SMaRT®) Station.

The City also reports the following fund types:

***Internal Service funds –*** These funds account for equipment maintenance and replacement, workers' compensation insurance, unemployment self-insurance, liability self-insurance, retirees' health plan, and employee benefits plan, all of which are provided to other funds on a cost- reimbursement basis.

***Fiduciary funds –*** The Agency funds account for assets held by the City as an agent for employees' payroll, Center for Performing Arts activities, union activities, flexible benefits, educational enhancement activities and refundable land lease rent activities. The financial activities of these funds are excluded from the government-wide financial statements, but are presented in separate fiduciary fund financial statements.

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *D. Basis of Accounting*

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when *measurable and available*. The City considers all revenues, except sales taxes, reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year end. A ninety days availability period is used for sales taxes in order to include the State of California (State) final distribution of sales taxes revenue for the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, claims and judgments, landfill containment costs and compensated absences, which are recognized as expenditures to the extent they have matured and are due and payable at year end. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long- term debt issuance and capital leases acquisitions are reported as other financing sources.

Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Those revenues susceptible to accrual are property taxes, sales taxes, certain intergovernmental revenues, transient occupancy taxes, utility user taxes, earned grant entitlements, special assessments due within the current fiscal year and investment revenue. All other revenue items are considered to be measurable and available only when cash is received.

Grant revenues are recognized in the fiscal year in which all eligibility requirements are met. Under the terms of grant agreements, the City may fund certain programs with a combination of cost-reimbursement grants, categorical block grants and general revenues. Thus, both restricted and unrestricted net position may be available to finance program expenditures. The City's policy is

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to first apply restricted grant resources to such programs, followed by general revenues if necessary.

Certain indirect costs are included in program expenses reported for individual functions and activities.

As a general rule, the effect of interfund activity has been eliminated in the preparation of the government-wide financial statements. Exceptions to this general rule are charges between the government's business-type activities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources and taxes are reported as *general revenues* rather than as program revenues.

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 enterprise funds and internal service funds are charges to customers for sales and services. The City also recognizes as operating revenue the portion of connection fees intended to recover the cost of connecting new customers to the system. 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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

### *E. Inventory*

Inventories are valued at cost (first in, first out). Inventories of the General Fund consist of expendable supplies held for consumption. The cost is recorded as expenditures at the time individual inventory items are consumed. Inventories of the Shoreline Golf Links Nonmajor Special Revenue Fund consist of merchandise held for resale to consumers. The cost is recorded as expenditures at the time individual inventory items are sold.

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### *F. Property Taxes*

The County of Santa Clara (County) assesses properties and it bills, collects and distributes property taxes to the City. The County remits to the City the entire amount levied and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1 for the fiscal year.

Secured property tax becomes a lien on January 1 and is due in two installments, on November 1 and February 1. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax bills are distributed in July and are due upon receipt, and become delinquent after August 31. Collection of delinquent accounts is the responsibility of the County, which retains all penalties.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings and are secured by liens on the property owner. Property tax revenues are recognized by the City in the fiscal year they are leived, provided they become available as defined above.

### *G. Compensated Absences*

Compensated absences, representing earned but unused vacation, sick leave pay and related costs, are reported in the Statement of Net Position. All compensated absences and related costs are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they become due and payable. The City uses the vesting method for the calculation of compensated absences.

### *H. Deferred Outflows and Inflows of Resources*

In addition to assets, the Statement of Net Position and Balance Sheet report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources,* represents a consumption of net position or fund balance 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, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### *I. Pension and Other Postemployment Benefits (OPEB) Items*

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

### *J. Effects of New GASB Pronouncements*

The City adopted the provisions of the GASB Statements during the fiscal year ended June 30, 2019 as follows:

- In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. The implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2019.

- In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of this statement did not have a significant impact on the City's financial statements for the fiscal year ended June 30, 2019.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

- In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement provides recognition and measurement guidance for situations in which a government is a beneficiary of these agreements. The requirements of this statement are effective for the City's fiscal year ending June 30, 2020.

- In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the City's fiscal year ending June 30, 2021.

- In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are 1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and 2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for the City's fiscal year ending June 30, 2021.

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No.14 and No.61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the City's fiscal year ending June 30, 2020.

- In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosure. The requirements of this statement are effective for the City's fiscal year ending June 30, 2022.

### *K. Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

## NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

### *A. Budgets and Budgetary Accounting*

The City adopts an annual budget on or before June 30 for the ensuing fiscal year for the General Fund and all Special Revenue Funds except for the Deferred Assessments Fund.

No annual budgets are adopted for the Debt Service Funds. Repayment of the debt is authorized by the adoption of the indenture provisions for the life of the debt.

The Storm Drain Construction and Park Land Dedication Capital Projects Funds are budgeted annually. All other Capital Projects Funds are budgeted on a project basis. Such budgets are based on a project time frame, rather than a fiscal year operating time frame, whereby unused appropriations continue until project completion.

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## NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING (Continued)

Budget appropriations become effective on each July 1. The City Council may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund and department level. Appropriations lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

All Governmental Fund Type annual budgets are presented on a basis consistent with the basic financial statements prepared in accordance with GAAP.

Budgeted revenue amounts represent the original budget modified by adjustments authorized during the fiscal year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the fiscal year and reappropriated amounts for encumbrances, grants, and donations outstanding at the end of each prior fiscal year.

The City Council must approve appropriation increases to departmental budgets; however, management may transfer Council-approved budgeted amounts within fund and departmental expenditure classifications. Judgments, settlements and accrual entries are not subject to budgetary control and expenditures exceeding budget due to these items do not constitute a violation of budget policy or control. Supplemental appropriations were approved during the course of the fiscal year as needed.

### *B. Encumbrance Accounting*

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration. Encumbrances outstanding at fiscal year end are automatically reappropriated for inclusion in the following fiscal year's budget.

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## NOTE 3 – CASH AND INVESTMENTS

The City pools cash from all sources and all funds, except Restricted Cash and Investments, so the pool of funds can be invested consistent with goals for safety and liquidity, while maximizing yield. Cash is pooled so individual funds can make expenditures at any time.

### *A. Policies*

California Law requires banks and savings and loan institutions to pledge government securities with a fair value of 110.0 percent of the City's cash on deposit, or first trust deed mortgage notes with a fair value of 150.0 percent of the deposit, as collateral for these deposits. Under California Law, this collateral is held in a separate investment pool by another institution in the City's name and places the City ahead of general creditors of the institution.

The City invests in individual investments and in investment pools. Individual investments are evidenced by specific identifiable *securities instruments*, or by an electronic entry registering the owner in the records of the institution issuing the security, called the *book entry* system. In order to increase security, the City employs the trust department of a bank as the custodian of certain City managed investments, regardless of their form.

The City's investments are carried at fair value, as required by generally accepted accounting principles. The City adjusts the carrying value of its investments to reflect their fair value at each fiscal year end and includes the effects of these adjustments as income or expense for that fiscal year.

Investment income is allocated among funds on the basis of average daily cash and investment balances in each fund, unless there are specific legal or contractual requirements to do otherwise.

Cash and investments with an original maturity of three months or less are considered to be cash equivalents in the proprietary fund Statements of Cash Flows because these assets are highly liquid and are expended to liquidate liabilities arising during the fiscal year.

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## NOTE 3 – CASH AND INVESTMENTS (Continued)

### *B. Classification*

Cash and investments are classified in the financial statements, based on whether or not their use is restricted under the terms of debt instruments. Investments are carried at fair value as of June 30, 2019. Cash and investments are as follows (dollars in thousands):

| | Governmental Activities | Business-Type Activities | Fiduciary Funds | Total |
|---|---|---|---|---|
| Cash and investments | $ 625,748 | 57,992 | 29,677 | 713,417 |
| Restricted cash and investments | 77,219 | 1 | 337 | 77,557 |
| Total cash and investments | $ 702,967 | 57,993 | 30,014 | 790,974 |

Cash and investments as of June 30, 2019 consist of the following (dollars in thousands):

| | |
|---|---|
| Cash on hand | $ 14 |
| Deposits with financial institutions | 2,895 |
| Investments | 788,065 |
| Total cash and investments | $ 790,974 |

### *C. Investments Authorized by the California Government Code and the City's Investment Policy*

The California Government Code and the City's Investment Policy authorize the investment types in the following table, provided the credit ratings of the issuers are acceptable to the City; and approved percentages and maximum maturities are not exceeded. The table also identifies certain provisions of the California Government Code, or the City's Investment Policy where the City's Investment Policy is more restrictive, that addresses interest rate risk, credit risk and concentration of credit risk. This table does not address investments of debt proceeds held by bond trustee that are governed by the provisions of debt agreements of the City, rather than the general provisions of the California Government Code or the City's Investment Policy.

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## NOTE 3 – CASH AND INVESTMENTS (Continued)

The City's Investment Policy and the California Government Code allow the City to invest in the following:

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|---|---|---|---|
| U.S. Treasury Obligations | 5 years | (A) | No limit |
| U.S. Agency Securities | 5 years | 50% | 25% |
| U.S. Agency Mortgage-backed Securities | 5 years | 20% | 25% |
| Callable Securities (Treasuries, Agencies, Corp. Notes) | 5 years | 10% | 5% |
| Commercial Paper | 180 days | 15% | 5% |
| Banker's Acceptances | 180 days | 20% | 5% |
| Medium-term Notes Issued by U.S. Corporations | 5 years | 15% | 5% |
| Mutual Funds Invested in U.S Government Securities | N/A | 10% | 5% |
| Certificates of Deposit: | | | |
| FDIC Insured Time Deposits | 2 years | 10% | 5% |
| Collateralized Time Deposits | 2 years | 10% | 5% |
| Negotiable Time Deposits | 2 years | 10% | 5% |
| Municipal Bonds Issued by the City or any of its Component Units | (B) | (B) | (B) |
| Local Agency Investment Fund (LAIF) | N/A | 20% | N/A |
| Supranational Securities | 5 years | 10% | 5% |

(A) The policy requires a minimum of 25 percent of the total portfolio to be invested in U.S. Treasury Obligations.
(B) The policy allows only municipal bonds issued by the City of Mountain View or its component units at limits and maturities as approved by the City Council.

### D. *Investments Authorized by Debt Agreements*

The City must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the City fails to meet its obligations under these debt issues. The investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's Investment Policy. These debt agreements do not address interest rate, credit, and concentration of credit risks.

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**NOTE 3 – CASH AND INVESTMENTS (Continued)**

The investment types that are authorized for investments held by bond trustee are as follows:

| Authorized Investment Type | Maximum Maturity |
|---|---|
| U.S. Treasury Obligations | No Limit |
| U.S. Agency Securities | No Limit |
| Deposit Accounts, Federal Funds and Banker's Acceptances | 360 days |
| FDIC Insured Certificates of Deposit | No Limit |
| Commercial Paper | 270 days |
| Money Market Mutual Funds | No Limit |
| State and Local Agency Bonds | No Limit |
| Insurer Approved Investment Contracts | No Limit |
| Insurer Approved Other Forms of Investments Including Repurchase Agreements | No Limit |
| Local Agency Investment Fund (LAIF) | No Limit |

***E. Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City monitors the interest rate risk inherent in its portfolio by measuring the modified duration (modified duration is a measure of a fixed income’s cash flows using present values, weighted for cash flows as a percentage of the investments’ full price) of its portfolio. The City monitors interest rate risk inherent in investments held by the trustee by using specific identification.

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## NOTE 3 – CASH AND INVESTMENTS (Continued)

The City's interest rate risk by investment type and fair value is as follows (dollars in thousands):

| Investment Type | Fair Value Amount | Modified Duration (in years) | Specific Identification Maturity Date |
|---|---|---|---|
| Held by the City: | | | |
| LAIF | $ 90,866 | N/A | |
| U.S. Treasury Obligations | 334,753 | 2.22 | |
| U.S. Agency Securities | 186,000 | 1.73 | |
| Medium-Term Notes | 44,955 | 2.75 | |
| Supranational Securities | 44,065 | 2.54 | |
| Municipal Bonds - 2000 Yardis Court Special Assessment Debt | 24 | 0.64 | |
| Municipal Bonds - Shoreline Regional Park Community 2011 and 2018 Revenue Bonds | 11,211 | 3.22 | |
| Money Market Mutual Funds | 113 | N/A | |
| The modified duration of the City's portfolio as of June 30, 2019 | | 1.88 | |
| The modified duration of the City's portfolio as of June 30, 2019, excluding Shoreline Regional Park Community 2011 and 2018 Revenue Bonds | | 1.86 | |
| Held by Bond Trustee: | | | |
| Money Market Mutual Funds | 15,122 | N/A | |
| U.S. Agency Securities | 19,497 | | 12/27/2019 |
| U.S. Treasury Obligations | 41,459 | | * |
| Total investments | $ 788,065 | | |

* $9,999 on 7/25/2019, $24,971 on 12/31/2019, and $6,489 on 6/15/2020.

Through the City's Investments Policy, the City manages its exposure to fair value losses arising from increasing interest rates by limiting the modified duration of its investment portfolio to within 15.0 percent of the modified duration of a benchmark portfolio as defined in the Investment Policy. As of June 30, 2019, the allowed modified duration ranged from 1.6 to 2.2 years and the actual is within this range.

Investments in municipal bonds shown above represent the City's investment in the 2000 Yardis Court Special Assessment Debt and Shoreline Regional Park Community 2011 and 2018 Revenue Bonds. The balance as of June 30, 2019 is stated at amortized cost, which approximates fair value.

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**NOTE 3 – CASH AND INVESTMENTS (Continued)**

The City is a participant in the Local Agency Investment Fund (LAIF) that is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State. The City reports its investment in LAIF at the fair value amount provided by LAIF, which is the same as the value of the pool share. The balance available for withdrawal is based on the accounting records maintained by the State, which are recorded on an amortized cost basis. LAIF is part of the State's Pooled Money Investment Account (PMIA). The total balance of the PMIA is approximately $105.7 billion as of June 30, 2019. Of that amount, 98.2 percent was invested in nonderivative financial products and 1.8 percent in structured notes and asset backed securities. As of June 30, 2019, LAIF has an average maturity of 173 days.

Mutual Money Market Funds investments are available for withdrawal on demand and as of June 30, 2019 have an average maturity of less than 60 days.

***F. Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The City's Investment Policy is to apply the prudent investor's standard in managing the overall portfolio. This standard states that investments shall not be made for speculation but shall be made with judgment and care, which investors of prudence, discretion and intelligence exercise considering the safety of principal, liquidity, and return on investment in this priority order. As of June 30, 2019, the City's investment in Money Market Mutual Funds, and Supranational Securities are rated AAA by Standard & Poor's. U.S. Agency Securities are rated AA by Standard & Poor's. The Medium-Term Notes are rated between AA and AAA by Standard & Poor's. The U.S. Treasury Obligations are exempt from credit rating disclosure. The Municipal Bonds - Shoreline Regional Park Community 2011 and 2018 Revenue Bonds are rated A+ by Standard & Poor's. The Municipal Bonds - 2000 Yardis Court Special Assessment Debt and Local Agency Investment Fund were not rated as of June 30, 2019.

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## NOTE 3 – CASH AND INVESTMENTS (Continued)

### *G. Concentration of Credit Risk*

The City's Investment Policy regarding the amount that can be invested in any one issuer is stipulated by the California Government Code. However, the City is required to disclose investments that represent a concentration of 5.0 percent or more of investments in any one issuer other than U.S. Treasury obligations, money market mutual funds and external investment pools. As of June 30, 2019, those investments held by the City consisted of (dollars in thousands):

| Issuer | Investment Type | Amount |
|---|---|---|
| Federal Home Loan Bank | Federal Agency Securities | $ 80,379 |
| Federal National Mortgage Association | Federal Agency Securities | 53,573 |
| Federal Home Loan Mortgage Association | Federal Agency Securities | 52,048 |

As of June 30, 2019, City's investments in Federal Agency Securities held by bond trustee consisted of $19,947 issued by Federal Home Loan Bank.

### *H. Fair Value Hierarchy*

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. All of the investments are measured using level 2 inputs, except for investments in LAIF and money market mutual funds, which are not subject to the fair value hierarchy. Investments measured using level 2 inputs are valued using prices determined by the use of matrix pricing techniques maintained by the pricing vendors for these investments. Matrix pricing is used to value investments based on the investments' relationship to benchmark quoted prices.

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## NOTE 4 – LOANS RECEIVABLE

As of June 30, 2019, the City's loans receivable are as follows (dollars in thousands):

| | |
|---|---|
| CDBG Rehabilitation | $ 95 |
| Mid-Peninsula Support network | 55 |
| Ginzton Terrace | 1,042 |
| Latham Street Apartments | 1,524 |
| Project Match | 132 |
| Central Park Apartments | 4,426 |
| Sierra Vista Apartments Affordance Housing | 238 |
| Stoney Pine Charities | 124 |
| HomeSafe | 100 |
| San Antonio Place LP | 5,465 |
| Tyrella Gardens | 1,215 |
| Bill Wilson Center | 133 |
| San Veron Park | 1,087 |
| SR Fountains LP | 2,022 |
| Franklin Street Family Apartments | 12,547 |
| El Camino West Affordable Studios | 3,452 |
| Rengstorff Affordable Housing | 8,166 |
| Palo Alto Housing | 8,000 |
| East Evelyn Affordable Housing | 21,700 |
| North Shoreline Housing | 5,174 |
| Total | $ 76,697 |

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**NOTE 4 – LOANS RECEIVABLE (Continued)**

The City engages in programs designed to encourage construction or improvement of housing for persons with extremely low to moderate income or other such projects. Under these programs, grants or loans are provided under favorable terms to homeowners or developers who agree to spend these funds in accordance with the City's terms. Even though the City does not expect to collect these loans in the near term, and most of the loan terms are deferred to the future and any proceeds collected are restricted by grant requirements and thus these balances have been offset by a restriction of fund balance in the fund financial statements. Due to the nature of the repayment structures of the City's loans, the City is not accruing interest on the loans. Interest revenue is recognized upon receipt.

These loan programs are funded by Community Development Block Grants (CDBG) funds, Home Investment Partnership Act (HOME) grant funds, Housing Fund, General Fund, and former Mountain View Revitalization Authority (Authority). With the dissolution of the Authority effective January 31, 2012, the City became the Housing Successor Agency. The balances of the loans were transferred to the Housing Successor Special Revenue Fund (Housing Successor) of the City.

***A. CDBG Rehabilitation***

The City administers a housing rehabilitation loan program initially funded with CDBG funds. Under this program, individuals with incomes below a stated level are eligible to receive low-interest loans for rehabilitation work on their home. These loans are secured by deeds of trust, which may be subordinated with the prior written consent of the City. The loan repayments may be amortized over the life of the loans, deferred to maturity or a combination of both. There are three such loans outstanding totaling $95,000 as of June 30, 2019.

***B. Mid-Peninsula Support Network***

On December 23, 1980, the City loaned $55,000 to Mid-Peninsula Support Network for the acquisition and rehabilitation of a residential structure for the purpose of providing temporary shelter for battered parents and their children. The loan was funded by CDBG funds and becomes payable upon demand by the City upon failure to comply with the terms of the loan agreement. The loan carries a 12.0 percent annual interest rate and shall accrue beginning 30 days following the date of demand. The loan is collateralized by a first deed of trust.

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## NOTE 4 – LOANS RECEIVABLE (Continued)

### *C. Ginzton Terrace*

On December 11, 1991, the City loaned $380,000 to the Mid-Peninsula Housing Coalition (Coalition) for predevelopment and land acquisition costs related to the development of a 107-unit affordable senior housing complex located at 375 Oaktree Drive. On May 1, 1993, the City amended the loan agreement and loaned the Coalition an additional $215,000 for the purpose of paying park and recreation fees required prior to occupancy of the land. On February 12, 1996, excess funds not used were returned to the City in the amount of $78,000. The loan balance of $517,000 was funded by CDBG funds.

On May 21, 2013, the City approved another modification to extend the loan term to May 31, 2038, reducing the annual simple interest rate from 6.0 percent to 3.0 percent effective June 1, 2013 and restructured the repayment to be based on 50.0 percent of the residual receipts. The loan balance and accrued interest will become payable on May 31, 2038.

On April 21, 2015, the City awarded $340,000 in CDBG funds and $185,000 in HOME funds for rehabilitation activities. The CDBG and HOME loans are to be repaid by January 31, 2066 and January 31, 2071, respectively, with zero percent interest.

As of June 30, 2019, the total outstanding amount of all loans related to Ginzton Terrace is $1.0 million.

### *D. Latham Street Apartments*

On August 30, 1995, the City and the Housing Successor funds loaned $2.1 million to the Coalition for the acquisition and rehabilitation of a 75-unit apartment complex at 2230 Latham Street to provide affordable housing for low and moderate income families. The loan was funded by $992,000 of Housing Successor funds, $688,000 of CDBG funds and $387,000 of HOME grant funds. The various components of the loan are to be repaid over a 20-30 year period at zero to 3.0 percent annual simple interest.

In Fiscal Year 2009-10, the City approved to loan up to $832,000 from CDBG funds for window replacements. In Fiscal Year 2011-12, the City approved an additional loan up to $212,000 from CDBG funds. The various components of the loans are to be repaid by November 30, 2044 at zero interest.

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## NOTE 4 – LOANS RECEIVABLE (Continued)

During the fiscal year ended June 30, 2019, $595,000 was repaid against the loans. As of June 30, 2019, the total outstanding balance of all loans related to the Latham Street Apartments is $1.5 million.

### *E. Project Match*

On May 1, 1997, the City loaned $132,000 to Project Match for the acquisition of the house located at 1675 South Wolfe Road, Sunnyvale, to provide affordable housing for low-income seniors. The loan was funded by HOME grant funds. The loan is to be repaid over a 30-year period at 3.0 percent annual simple interest. Interest and principal amount is deferred. The loan is collateralized by a second deed of trust.

### *F. Central Park Apartments*

On July 1, 1998, the City and Housing Successor funds loaned $2.2 million to the Coalition for the acquisition and rehabilitation of a 149-unit apartment complex known as Central Park Apartments at 90 Sierra Vista Avenue to be used to provide housing for very-low- to low- income seniors. The entire project was initially funded by three loans: $388,000 from Housing set aside funds to be repaid over nine years, commencing in Fiscal Year 1998-99 and bearing 3.0 percent annual interest; $1.2 million of CDBG funds to be repaid over 36 years commencing in Fiscal Year 2012-13 and bearing 3.0 percent annual interest; and $612,000 from HOME grant funds to be repaid over 21 years commencing in Fiscal Year 2004-05 and bearing 3.0 percent annual interest.

On August 19, 2004, the City loaned $498,000 to the Coalition for the rehabilitation of the Central Park Apartments. The loan was funded by CDBG funds to be repaid over 16 years commencing in Fiscal Year 2017-18 and bearing 1.2 percent annual interest.

On April 17, 2006, the City approved a $748,000 loan to the Coalition for the construction of the New Central Park Apartments. The loan was funded by CDBG funds with zero percent interest and repayment is deferred until January 1, 2054 or upon the repayment of the $1.3 million HOME loans described below.

On March 27, 2007, the Housing Successor funds loaned $851,000 to the Coalition for the construction of the New Central Park Apartments. The New Central Park

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**NOTE 4 – LOANS RECEIVABLE (Continued)**

Apartments has added 104 units to the existing 149 units used to provide housing for very low- to low- income seniors. The loan is to be repaid from available residual receipts over 55 years commencing in Fiscal Year 2009-10 and bearing zero interest. During Fiscal Year 2018-19, $265,000 was repaid and the outstanding Housing Successor's loan balance is $21,000.

On June 1, 2007, the City approved a loan of $1.3 million to fund the development cost of 104 apartments. The loan was funded by HOME grant funds with zero percent interest and repayment is deferred until the later of January 1, 2041 or upon repayment of the $851,000 Housing Successor's loan.

On July 24, 2007, the City approved a $405,000 loan to the Coalition for the development of the New Central Park Apartments. The loan was funded by CDBG funds with zero percent interest and final payment is deferred until July 1, 2063. As of June 30, 2019, the amount of this CDBG loan is $367,000.

On April 23, 2013, the City approved an additional loan of $275,000 from CDBG funds to the Coalition. The loan was used to upgrade the utilities and install energy-efficient hot water heaters in the original 149-unit apartment complex. The loan bears annual interest at 1.5 percent, with repayment deferred until calendar year 2034 or upon repayment of the $498,000 CDBG loan.

As of June 30, 2019, the total outstanding balance of all loans related to Central Park apartments is $4.4 million.

### *G. Sierra Vista Apartment Affordable Housing*

On February 1, 1999, the City approved to loan up to $100,000 to Sierra Vista I Limited Partnership/Charities Housing Corporation for the development and renovation of a 34-unit affordable apartment complex to low and moderate income families to be located at 1909 Hackett Avenue. An additional loan in the amount of $255,000 was approved on January 16, 2007. The loans were funded by CDBG funds with 6.0 percent interest and a term of September 2019 and January 2032, respectively.

On September 24, 2013, the City approved an amendment to the loan agreements with Charities Housing Corporation. This CDBG loan funding will bear interest at 3.3 percent, compound annually on September 1. The term of the loan will be 57 years, maturing on October 1, 2070. As of June 30, 2019, the amount of the loans outstanding is $238,000.

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## NOTE 4 – LOANS RECEIVABLE (Continued)

### *H. Stoney Pine Charities*

On August 16, 2000, the City loaned $124,000 to the Stoney Pine Charities Housing Corporation for the construction of a 23-unit apartment complex at 212 North Mathilda Avenue and 271-283 West California Avenue, Sunnyvale, to provide affordable housing for very low income persons with developmental disabilities. The loan was funded by $9,000 of CDBG funds and $115,000 of HOME grant funds. The loans bear simple interest at 3.0 percent, but repayment of interest and principal is deferred for 40 years. The loans and accumulated interest remain deferred unless during the term of the loan, or after 40 years, the apartments no longer meet the affordability test for very low income persons with developmental disabilities, or if the property is sold or transferred. The loan is collateralized by a second deed of trust.

### *I. HomeSafe*

On February 21, 2001, the City loaned $100,000 to the HomeSafe Santa Clara L.P. for the construction of a 25-unit apartment complex at 611 El Camino Real, Santa Clara, to provide affordable housing for women and children who are victims of domestic violence. The loan was funded by $100,000 of HOME grant funds. The loan bears simple interest at 3.0 percent, but repayment of interest and principal is deferred for 55 years unless during the term of the loan, the apartments no longer meet the affordability test for very-low to low-income victims of domestic violence, or if the property is sold or transferred. The loan is collateralized by a first deed of trust.

### *J. San Antonio Place LP (Charities Housing Development Corporation)*

On April 25, 2002, the City approved an agreement to loan up to $5.3 million to Charities Housing Development Corporation (Corporation) for development of an efficiency studios housing project to provide affordable housing for very-low to low-income persons. On July 1, 2004, the Corporation assigned to the San Antonio Place LP all of the rights and obligations under the agreements. The loan amount was amended to loan up to $5.5 million on December 1, 2006, which would be funded by $2.5 million of CDBG funds, $2.2 million of HOME grant funds and $809,000 of the Housing Successor funds. The loan is provided at zero percent interest with repayment deferred for 55 years unless the San Antonio Place LP no longer meets the terms and conditions of the agreement. As of June 30, 2019, the amount of the loan outstanding is $5.5 million.

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## NOTE 4 – LOANS RECEIVABLE (Continued)

### *K. Tyrella Gardens*

On May 20, 2003, the City approved to loan up to $390,000 to Mid-Peninsula Tyrella Associates for the development and renovation of an affordable apartment complex to low and moderate income families to be located at 449 Tyrella Avenue. The loan was funded by CDBG funds with 3.0 percent interest and a term of 55 years.

On April 22, 2014, the City awarded Mid-Peninsula Tyrella Associates additional loans of $172,000 from CDBG funds and $653,000 from HOME funds to rehabilitate 56 existing rental units. The loan agreement for CDBG funds was executed on July 1, 2015, with 3.0 percent simple interest, to be repaid over 50 years and was funded during Fiscal Year 2015-16. The loan agreement from HOME funds was executed on July 1, 2015, of which $653,000 has been funded as of June 30, 2019. The HOME loan has a term of 3.0 percent simple interest rate and is due in 43 years.

As of June 30, 2019, the total outstanding balance of all loans related to Tyrella Gardens is $1.2 million.

### *L. Bill Wilson Center*

On December 5, 2008, the City loaned $133,000 to The Bill Wilson Center, a nonprofit corporation, for the acquisition and operation of a youth and counseling services shelter. The loan was funded by CDBG funds and is due in 30 years and has a term of 3.0 percent simple interest. As of June 30, 2019, the amount of the loan outstanding is $133,000.

### *M. San Veron Park*

On December 1, 2009, the City amended an agreement with San Veron Corporation to loan up to $898,000 to renovate one hundred twenty-four affordable Town home units for very-low and low- income households. The loan was funded by HOME grant funds, however, the construction did not occur until Fiscal Year 2012-13. On July 1, 2013, the City approved and authorized the provision of increasing the loan amount to $1.1 million, and to be drawn from the HOME grant funds. As of June 30, 2019, the amount of the loan outstanding is $1.1 million.

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**NOTE 4 – LOANS RECEIVABLE (Continued)**

***N. SR Fountains LP***

On December 1, 2009, the City approved to loan up to $255,000, to SR Fountains Limited Partnership for the rehabilitation of 124 existing units at The Fountains Apartments property located at 2005 San Ramon Avenue. The loan was funded by HOME grant funds with zero percent interest and repayment is deferred until December 1, 2019. In 2010 and 2012, the City approved an additional $466,000 and $305,000, respectively, loan to SR Fountains Limited Partnership. As of June 30, 2019, $981,000 of this 2009 loan has been funded.

On April 19, 2016, the City authorized an additional $675,000 loan from CDBG funds. This loan bears no interest and repayment is deferred until December 31, 2026. Subsequently on May 2, 2017, the City awarded an additional $450,000 in CDBG funding, increasing this deferred loan to a total of $1.1 million. An amendment to the loan agreement was entered on June 1, 2018, with no changes to the key loan terms. As of June 30, 2019, $1.0 million of this 2016 loan has been funded.

As of June 30, 2019, the total outstanding balance of all loans related to SR Fountains LP is $2.0 million.

***O. Franklin Street Family Apartments***

On April 18, 2011, the City approved an agreement to loan up to $1.3 million to ROEM Development Corporation (ROEM) to acquire a long-term ground lease of property known as 135 Franklin Street. The loan was funded by CDBG funds at 4.0 percent interest and a term of 55 years.

On April 18, 2011, the City approved an agreement to loan up to $10.6 million to ROEM for the development of an affordable family rental housing development to be located at the property mentioned above. The loan was funded by Housing Successor funds with 4.0 percent interest and a term of 55 years.

On April 18, 2011, the City approved an agreement to loan up to $646,000 from the Housing fund to ROEM for the same project mentioned above. The loan was funded with 4.0 percent interest and a term of 55 years.

On November 1, 2011, the full loan was assigned to Franklin Street Family Apartments. As of June 30, 2019 the total outstanding balance of all loans related to Franklin Street Family Apartments is $12.5 million.

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## NOTE 4 – LOANS RECEIVABLE (Continued)

### *P. El Camino West Affordable Studios*

On January 22, 2013, the City approved an agreement to loan up to $3.5 million to First Community Housing to acquire 0.48 acre of property located at 1581-1585 El Camino Real West. The loan was funded by HOME grant funds and Housing funds for the amounts of $920,000 and $2.5 million, respectively. The term of the loan is 3.0 percent interest for 55 years. As of June 30, 2019 the amount of the loan outstanding is $3.5 million.

### *Q. Rengstorff Affordable Housing*

On June 3, 2013, the City approved an agreement to loan up to $9.0 million to ROEM for the development of an affordable family rental housing development to be located at 819 North Rengstorff Avenue. The loan was funded by Housing funds with 3.0 percent interest and a term of 55 years. As of June 30, 2019, the amount of the loan outstanding is $8.2 million.

### *R. Palo Alto Housing*

On December 20, 2015, the City entered into a predevelopment funding agreement with Palo Alto Housing Corporation for predevelopment activities at 1701 West El Camino Real. This prefunding loan of $1.0 million was funded from Housing funds. On April 3, 2017, the City entered into a permanent loan agreement with 1701 ECR, LP where the outstanding principal balance of the predevelopment loan was rolled over into the permanent loan. The approved total amount of loan funded by Housing funds for this housing development was $8.0 million, with 3.0 percent simple interest rate commencing upon City's issuance of a final certificate of occupancy. As of June 30, 2019, the amount of the loan outstanding is $8.0 million.

### *S. East Evelyn Affordable Housing*

On May 31, 2016, the City entered into a loan agreement with Evelyn Avenue Family Apartments, LP for an affordable housing development at 779 East Evelyn Avenue. The total loan amount is $21.7 million and was funded by Housing funds. The loan has a 55-year term with 3.0 percent simple interest rate. As of June 30, 2019, the amount of the loan outstanding is $21.7 million.

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## NOTE 4 – LOANS RECEIVABLE (Continued)

### *T. North Shoreline Housing*

On April 1, 2019, the City entered into an agreement to loan up to $8.2 million to MP Shorebreeze Associates, L.P. for the development of an affordable multi-family residential rental development to be located at 460 North Shoreline Boulevard. The $8.2 million loan was funded by HOME grant funds, CDBG grants funds, and Housing funds for the amounts of $421,000, $96,000, and $7.6 million, respectively. The term of the loan is 3.0 percent interest for 55 years. During the fiscal year ended June 30, 2019, $421,000, $96,000, and $4.7 million were funded by HOME grant funds, CDBG grant funds, and Housing funds, respectively. As of June 30, 2019, the amount of the loan outstanding is $5.2 million.

### *U. Deferred Assessments*

Deferred assessments are loans for special assessment improvements made to property owners who qualify under the City's deferred assessment program. During Fiscal Year 2018-19, the outstanding deferred assessments loan balance of $4,000 was repaid.

## NOTE 5 – INTERFUND TRANSACTIONS

### *A. Transfers Between Funds*

With Council approval, resources may be transferred from one City fund to another. The purpose of the majority of transfers is to allocate resources from the fund that receives them to the fund where they will be spent without a requirement for repayment. Less often, a transfer may be made to open or close a fund.

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## NOTE 5 – INTERFUND TRANSACTIONS (Continued)

Transfers between funds during the fiscal year ended June 30, 2019 are as follows (dollars in thousands):

| Funds Receiving Transfers | Funds Making Transfers | Amount Transferred | Funding Purpose |
|---|---|---|---|
| General Fund | Shoreline Regional Park Community | $ 42 | C |
| | Housing | 2 | C |
| | General Capital Projects | 1,043 | B |
| | Nonmajor Governmental | 1,421 | C |
| | Water | 220 | C |
| | | 2,728 | |
| Shoreline Regional Park Community | General Capital Projects | 2,865 | B |
| Housing | General Fund | 51 | C |
| | General Capital Projects | 24 | B |
| | | 75 | |
| General Capital Projects | General Fund | 13,169 | C |
| | Shoreline Regional Park Community | 19,436 | C |
| | Housing | 13,965 | C |
| | Park Land Dedication Capital Projects | 2,331 | C |
| | Nonmajor Governmental | 16,559 | C |
| | | 65,460 | |
| Park Land Dedication Capital Projects | General Capital Projects | 1,044 | B |
| Nonmajor Governmental | General Fund | 200 | C |
| | Shoreline Regional Park Community | 5,319 | A |
| | Shoreline Regional Park Community | 3,597 | D |
| | General Capital Projects | 1,707 | B |
| | | 10,823 | |
| Water | General Capital Projects | 388 | B |
| Wastewater | General Capital Projects | 378 | B |
| Solid Waste | General Capital Projects | 21 | B |
| | Internal Service | 642 | C |
| | | 663 | |
| Internal Service Funds | General Fund | 2,861 | C |
| | Shoreline Regional Park Community | 119 | C |
| | Housing | 4 | C |
| | General Capital Projects | 11 | B |
| | Nonmajor Governmental | 217 | C |
| | Water | 236 | C |
| | Wastewater | 247 | C |
| | Solid Waste | 172 | C |
| | | 3,867 | |
| | Total Interfund Transfers | $ 88,291 | |

The reasons for these transfers are as follows:

A. To fund debt service payments.
B. To refund remaining balances on completed capital improvement projects,and interest back to original funding source.
C. Recurring transfers for capital, operating costs, or equipment replacement.
D. To transfer proceeds received from issuance of bonds.

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## NOTE 5 – INTERFUND TRANSACTIONS (Continued)

### *B. Interfund Advances*

Advances are not expected to be repaid within the next fiscal year. As part of the City's capital projects budgeting and funding process, resources from enterprise funds are advanced to the General Capital Projects Fund where the project costs are budgeted for and incurred. These advances are reduced as funds are expended on enterprise fund projects. Any unspent advances will be repaid to the enterprise fund upon the completion of the projects. As of June 30, 2019, the General Capital Projects Fund has outstanding advances of $15.7 million, $18.5 million, and $940,000 from the Water, Wastewater, and Solid Waste enterprise funds, respectively.

### *C. Internal Balances*

Internal balances are presented only in the government-wide financial statements. They represent the net receivables and payables remaining after the elimination of all such balances within governmental and business-type activities.

## NOTE 6 – CAPITAL ASSETS

All capital assets, including intangible assets, are valued at historical cost or estimated historical cost if actual historical 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 City defines capital assets as assets with an initial individual cost of more than $100,000 for land and infrastructure, $25,000 for buildings and improvements other than buildings, and $5,000 for others, and an estimated useful life in excess of two years.

Depreciation is provided using the straight-line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each fiscal year until the asset is fully depreciated. The City has assigned the useful lives to capital assets as follows:

| | |
|---|---|
| Buildings | 25 to 50 years |
| Improvements other than buildings | 5 to 50 years |
| Intangible assets | Various |
| Machinery and equipment | 3 to 20 years |
| Traffic signals | 20 years |
| Streetlights | 50 years |
| Bridges and culverts | 60 years |
| Sidewalks, curbs, and gutters | 40 years |
| Streets and roads | 40 years |

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## NOTE 6 – CAPITAL ASSETS (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed.

### A. *Capital Asset Activities*

Capital assets activity for the fiscal year ended June 30, 2019 is as follows (dollars in thousands):

| | Balance June 30, 2018 | Additions | Retirements | Transfers | Balance June 30, 2019 |
|---|---|---|---|---|---|
| ***Governmental activities*** | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | $ 104,046 | 4,737 | - | - | 108,783 |
| Construction in progress | 64,774 | 32,098 | - | (15,842) | 81,030 |
| Total capital assets not being depreciated | 168,820 | 36,835 | - | (15,842) | 189,813 |
| Capital assets being depreciated: | | | | | |
| Buildings | 164,543 | - | - | - | 164,543 |
| Improvements other than buildings | 188,350 | - | - | 6,148 | 194,498 |
| Machinery and equipment | 38,503 | 1,973 | (1,629) | 105 | 38,952 |
| Traffic signals | 12,484 | 486 | (121) | 1,917 | 14,766 |
| Streetlights | 8,853 | - | - | - | 8,853 |
| Bridges and culverts | 18,440 | - | - | - | 18,440 |
| Sidewalks, curbs and gutters | 113,177 | 215 | (37) | 546 | 113,901 |
| Streets and roads | 267,609 | 213 | - | 7,126 | 274,948 |
| Total capital assets being depreciated | 811,959 | 2,887 | (1,787) | 15,842 | 828,901 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (87,349) | (4,263) | - | - | (91,612) |
| Improvements other than buildings | (142,317) | (9,368) | - | - | (151,685) |
| Machinery and equipment | (25,744) | (2,541) | 1,568 | - | (26,717) |
| Traffic signals | (6,462) | (661) | 48 | - | (7,075) |
| Streetlights | (6,792) | (58) | - | - | (6,850) |
| Bridges and culverts | (5,258) | (309) | - | - | (5,567) |
| Sidewalks, curbs and gutters | (68,419) | (2,742) | 24 | - | (71,137) |
| Streets and roads | (156,330) | (6,899) | - | - | (163,229) |
| Total accumulated depreciation | (498,671) | (26,841) | 1,640 | - | (523,872) |
| Net capital assets being depreciated | 313,288 | (23,954) | (147) | 15,842 | 305,029 |
| Governmental activities capital assets, net | $ 482,108 | 12,881 | (147) | - | 494,842 |

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## NOTE 6 – CAPITAL ASSETS (Continued)

| | Balance June 30, 2018 | Additions | Retirements | Transfers | Balance June 30, 2019 |
|---|---|---|---|---|---|
| ***Business-type activities*** | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | $ 220 | - | - | - | 220 |
| Construction in progress | 15,551 | 11,162 | - | (9,544) | 17,169 |
| Total capital assets not being depreciated | 15,771 | 11,162 | - | (9,544) | 17,389 |
| Capital assets being depreciated: | | | | | |
| Buildings | 8,748 | - | - | - | 8,748 |
| Improvements other than buildings | 139,655 | 821 | - | 9,544 | 150,020 |
| Machinery and equipment | 7,158 | 666 | - | - | 7,824 |
| Total capital assets being depreciated | 155,561 | 1,487 | - | 9,544 | 166,592 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (8,535) | (9) | - | 8 | (8,536) |
| Improvements other than buildings | (70,027) | (6,156) | - | (8) | (76,191) |
| Machinery and equipment | (4,877) | (516) | - | - | (5,393) |
| Total accumulated depreciation | (83,439) | (6,681) | - | - | (90,120) |
| Net capital assets being depreciated | 72,122 | (5,194) | - | 9,544 | 76,472 |
| Business-type activities capital assets, net | $ 87,893 | 5,968 | - | - | 93,861 |

### *B. Depreciation Allocation*

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each function for the fiscal year ended June 30, 2019 are as follows (dollars in thousands):

| | |
|---|---|
| ***Governmental Activities:*** | |
| General government | $ 1,909 |
| Public safety | 1,650 |
| Public works | 16,340 |
| Community development | 520 |
| Culture and recreation | 6,418 |
| Internal services funds | 4 |
| Total | $ 26,841 |
| ***Business-type Activities:*** | |
| Water | $ 4,160 |
| Wastewater | 2,033 |
| Solid Waste | 488 |
| Total | $ 6,681 |

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## NOTE 6 – CAPITAL ASSETS (Continued)

### *C. Construction Commitments*

The City has active construction projects that include land; improvements other than buildings; buildings; infrastructure; and water, wastewater, and solid waste improvements. Commitments for construction, as of June 30, 2019, are as follows (dollars in thousands):

| | Spent to Date | Remaining Commitment |
|---|---|---|
| Governmental activities: | | |
| Land | $ - | 28,287 |
| Improvements other than buildings | 44,601 | 3,585 |
| Buildings | 22,024 | 326 |
| Infrastructure | 14,405 | 1,839 |
| Total governmental activities | $ 81,030 | 34,037 |
| Business-type activities: | | |
| Water projects | $ 8,480 | 385 |
| Wastewater projects | 8,191 | 140 |
| Solid Waste projects | 498 | 4 |
| Total business-type activities | $ 17,169 | 529 |

Commitments are funded from 1) revenues received directly by the capital projects fund and 2) general fund, special revenue fund and enterprise fund revenues transferred to the capital projects fund.

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## NOTE 7 – NONCURRENT LIABILITIES

The City generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The City's debt issues and transactions are summarized below and discussed in detail thereafter.

### A. *Composition and Changes*

Noncurrent liabilities activities for the fiscal year ended June 30, 2019 are as follows (dollars in thousands):

| | Original Issue Amount | Balance June 30, 2018 | Additions | Retirements | Balance June 30, 2019 | Due Within One Year |
|---|---|---|---|---|---|---|
| *Governmental Activities:* | | | | | | |
| **Revenue Bonds:** | | | | | | |
| **Shoreline Regional Park Community** | | | | | | |
| **2011 Revenue Refunding Bonds** | | | | | | |
| 2.0% to 5.75%, due Fiscal Year 2040-41 | $ 39,030 | 29,555 | - | (1,800) | 27,755 | 1,890 |
| **Shoreline Regional Park Community** | | | | | | |
| **2018 Revenue Bonds Series A** | | | | | | |
| 5.0%, due Fiscal Year 2048-49 | 53,485 | - | 53,485 | - | 53,485 | - |
| Add unamortized premium | 6,416 | - | 6,416 | (108) | 6,308 | 217 |
| Subtotal 2018 Revenue Bonds Series A | 59,901 | - | 59,901 | (108) | 59,793 | 217 |
| **Shoreline Regional Park Community** | | | | | | |
| **2018 Revenue Bonds Series B** | | | | | | |
| 3.36% to 4.24%, due Fiscal Year 2031-32 | 10,315 | - | 10,315 | - | 10,315 | - |
| Total Revenue Bonds | 109,246 | 29,555 | 70,216 | (1,908) | 97,863 | 2,107 |
| **Bank Loan:** | | | | | | |
| **Shoreline Regional Park Community** | | | | | | |
| **2014 Bank Loan** | | | | | | |
| 1.65%, due Fiscal Year 2018-19 | 12,135 | 1,607 | - | (1,607) | - | - |
| **Special Assessment Debt** | | | | | | |
| **with City Commitment:** | | | | | | |
| **1996 Centre-Church-El Ranchito-Bay** | | | | | | |
| 4.10%-6.375%, due Fiscal Year 2019-20 | 561 | 60 | - | (35) | 25 | 25 |
| **2000 Yardis Court** | | | | | | |
| 7.0%, due Fiscal Year 2020-21 | 195 | 35 | - | (11) | 24 | 12 |
| Total Special Assessment Debt with City Commitment | 756 | 95 | - | (46) | 49 | 37 |
| **Compensated Absences** | - | 9,597 | 435 | (30) | 10,002 | 1,554 |
| **Landfill Containment** | - | 39,758 | 209 | - | 39,967 | - |
| **Claims liabilities** | - | 10,109 | 2,412 | (1,040) | 11,481 | 2,582 |
| **Total governmental activities** | $ 122,137 | 90,721 | 73,272 | (4,631) | 159,362 | 6,280 |

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## NOTE 7 – NONCURRENT LIABILITIES (Continued)

| | Original Issue Amount | Balance June 30, 2018 | Additions | Retirements | Balance June 30, 2019 | Due Within One Year |
|---|---|---|---|---|---|---|
| ***Business-type activities:*** | | | | | | |
| **Water Revenue Bonds** | | | | | | |
| **2004 Series A** | | | | | | |
| 3.0%-4.5%, due Fiscal Year 2028-29 | $ 9,700 | 5,360 | - | (390) | 4,970 | 410 |
| **City of Palo Alto Loan** | | | | | | |
| 0%, due Fiscal Year 2028-29 | 6,000 | 3,300 | - | (300) | 3,000 | 300 |
| Less unamortized discount | (1,000) | (550) | - | 50 | (500) | (50) |
| **Wastewater Direct Financing Arrangement** | | | | | | |
| 3.4%, due Fiscal Year 2033-34 | 10,100 | - | 59 | - | 59 | - |
| **Compensated Absences** | - | 1,281 | 191 | (47) | 1,425 | 221 |
| **Total business-type activities** | $ 24,800 | 9,391 | 250 | (687) | 8,954 | 881 |

### B. *Descriptions of Noncurrent Liabilities*

**2011 Revenue Bonds Shoreline Regional Park Community -** On July 19, 2011, the Shoreline Community issued $39.0 million of 2011 Revenue Bonds, Series A. Proceeds from the bonds were used to call the outstanding Shoreline Community's Tax Allocation Bonds, 1996 Series A and provide funds to acquire and construct certain capital improvements of benefit to the Shoreline Community. The 2011 Bonds are special obligations of the Shoreline Community and are secured by a portion of all taxes levied upon all taxable property within the Shoreline Community. Principal payments are payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. The Shoreline Community is considered to be in default if the Shoreline Community fails to pay the principal of and interest on the outstanding bonds when they become due and payable. If an event of default has occurred and is continuing, the trustee may, and if requested in writing by the owners of a majority in aggregate principal amount of the bonds then outstanding, declare the principal of the bonds, together with the accrued interest, to be due and payable immediately.

**2014 Shoreline Regional Park Community Loan Payable -** On April 21, 2014, the Shoreline Community obtained a bank loan in the amount of $12.1 million. Proceeds from the loan were used to retire the outstanding Shoreline Community's 2001 Tax Allocation Bonds, and 2004 Tax Allocation Bonds. Principal payments are payable annually on August 1 and interest payment semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. The loan payable was paid off on August 1, 2018.

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**NOTE 7 – NONCURRENT LIABILITIES (Continued)**

**2018 Revenue Bonds Shoreline Regional Park Community -** On December 19, 2018, the Shoreline Community issued 2018 Revenue Bonds, Series A (Tax-Exempt) and Series B (Taxable) (2018 Bonds) of $53.5 million and $10.3 million, respectively. Proceeds from the 2018 Bonds were used to provide funds to acquire and construct certain capital improvements of benefit to the Shoreline Community. The 2018 Bonds are special obligations of the Shoreline Community and are secured by a portion of all taxes levied upon all taxable property within the Shoreline Community. Principal payments are payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. The Shoreline Community is considered to be in default if the Shoreline Community fails to pay the principal of and interest on the outstanding bonds when they become due and payable. If an event of default has occurred and is continuing, the trustee may, and if requested in writing by the owners of a majority in aggregate principal amount of the bonds then outstanding, declare the accreted value and principal of the bonds, together with the accrued interest, to be due and payable immediately.

**Special Assessment Debt with City Commitment** - Special assessment districts exist in the City to provide improvements to properties located within those districts. Properties are assessed for the cost of improvements; these assessments are payable over the term of the debt issued to finance the improvements. The total amount of the assessment is recorded as a receivable and deferred inflows of resources at the time the related debt is issued, and is reduced as assessments are collected. There are no acceleration provisions in the event of a payment default for these special assessment debt.

The City is committed to be the purchaser of last resort or to advance available City funds to repay this debt in the event of default by any property owners of these districts. The City accounts for resources available to pay special assessment debt in its Special Assessments Nonmajor Debt Service Fund.

These Special Assessment Bonds were issued at various times to provide financing for electrical and community service facilities, street and utility improvements, water and sewer connections, storm drain improvements and other related projects. Principal payments are payable annually and interest payments semiannually.

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## NOTE 7 – NONCURRENT LIABILITIES (Continued)

**Compensated Absences** - Compensated absences are liquidated by the fund that has recorded the liability. The long-term portion of governmental activities compensated absences is liquidated by contributions from various funds, but primarily the General Fund.

**Landfill Containment** - The City is responsible for managing and controlling methane gas and containment of leachate at three former City-operated landfill sites.

Pursuant to a Postclosure Maintenance Plan filed with the State, the City is obligated for additional postclosure care costs for two of its landfill sites. The estimated costs of postclosure care are subject to changes such as the effects of inflation, revision of laws and other variables. The estimated amount of this obligation as of June 30, 2019, is approximately $40.0 million. Annual revenues from the Solid Waste Enterprise Fund will fund the postclosure care costs. In accordance with a State-mandated Financial Assurance Mechanism (FAM), the City has pledged Solid Waste Enterprise Fund revenues in the amount of $2.6 million as of June 30, 2019 for postclosure care costs on these two landfill sites. A third landfill site maintained by the City did not require a FAM to be established for the closure of the site, and therefore is excluded from the obligation.

**Claims Liabilities** – The City has established various self-insurance programs to account for and finance its uninsured risks of loss. Estimated liabilities are recorded for claims when it is probable that a loss has occurred and the amount of the loss can be reasonably determined. Further discussion on the City's claim liabilities and Risk Management is included in Note 10.

**2004 Water Revenue Bonds -** On September 29, 2004, the City issued $9.7 million of 2004 Water Revenue Bonds, 2004 Series A, to fund the construction of Graham Reservoir. Water fund revenues are pledged to pay the debt service on the bonds. Principal payments are payable annually on June 1 and interest payments semi-annually on June 1 and December 1 from Water Fund Revenues. The City is considered to be in default if the City fails to pay the principal of and interest on the outstanding bonds when they become due and payable and such default has continued for a period of thirty days. Upon the occurrence and during the continuance of any event of default, the trustee may, and upon written notice from the owners of a majority in aggregate principal amount of the bonds then outstanding, declare the principal of the bonds, together with the accrued interest, to be due and payable immediately.

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**NOTE 7 – NONCURRENT LIABILITIES (Continued)**

**City of Palo Alto Loan** – The Cities of Palo Alto and Mountain View began a joint project to construct a reclaimed water pipeline project (Project) in 2004. In October 2007, the City of Palo Alto approved a $9.0 million loan agreement with the State Water Resources Control Board (SWRCB) to finance a portion of the Project. Under the terms of the loan agreement, the Project received $7.5 million in proceeds. The additional $1.5 million due on the loan represents in-substance interest. Payments are due annually on the loan for twenty years following the completion of the construction. The City agreed to repay Palo Alto a $6.0 million share of this loan to finance $5.0 million of the costs of the Project within the City under the same terms as the original loan agreement with SWRCB. The City will pay $300,000 annually for twenty years. The project has been completed and payments on the loan commenced on June 30, 2010. There are no acceleration provisions in the event of a payment default for this loan.

**Wastewater Direct Financing Arrangement** – On November 1, 2018, the City executed an Installment Sale Agreement between the City and the Financing Authority and an Assignment Agreement between the Financing Authority and Opus Bank to provide funds for Wastewater infrastructure capital projects. The financing arrangement is for up to $10.1 million that can be drawn down until May 1, 2020 with a maximum term of 15 years. Wastewater fund revenues are pledged to pay the debt service on the direct financing arrangement. Principal payments are payable annually on December 1 and interest payments semi-annually on June 1 and December 1 from Wastewater Fund Revenues. The City is considered to be in default if the City fails to pay the installment payments when they become due and payable. If an event of default has occurred and is continuing, the lender has the right to declare all unpaid installment payments, principal and accrued interest, to be due and payable immediately. At June 30, 2019, the City had drawn $59,000 and the remaining balance available to be drawn was $10.0 million.

### *C. Debt Service Requirements*

The pledge of future tax increment revenues ends upon repayment of the $176.1 million in remaining debt service on the Shoreline Community's Revenue Bonds, which is scheduled to occur in Fiscal Year 2048-49. For the fiscal year end June 30, 2019, tax increment revenues amounted to $40.2 million, which represented coverage of 7.6 over the $5.3 million in debt service.

The pledge of future special assessment levies ends upon repayment of the $52,000 in remaining debt service on the Special Assessment Debt with City Commitment, which is scheduled to occur in Fiscal Year 2020-21. For Fiscal Year 2018-19, special assessment revenues plus interest earned amounted to $40,000, which was used to pay debt service of $51,000.

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## NOTE 7 – NONCURRENT LIABILITIES (Continued)

The pledge of future water fund revenues ends upon repayment of the $9.3 million in remaining debt service on the Water Revenue Bonds and City of Palo Alto Loan, which are both scheduled to occur in Fiscal Year 2028-29. For the fiscal year ended June 30, 2019, Water Fund revenues including operating revenues, non-operating interest earnings, capital contributions – developer fees, and transfers in amounted to $37.9 million and operating expenses, excluding depreciation or amortization amounted to $31.4 million. Net Revenues available for debt service amounted to $6.5 million, which represented coverage of 7.0 over the $924,000 in debt service.

The pledge of future wastewater fund revenues ends upon repayment of the $88,000 in remaining debt service on the Wastewater Direct Financing Arrangement, which are scheduled to occur in Fiscal Year 2033-34. For the fiscal year ended June 30, 2019, Wastewater Fund revenues including operating revenues, non-operating interest earnings, capital contributions – developer fees, and transfers in amounted to $25.4 million and operating expenses, excluding depreciation or amortization amounted to $17.4 million. Net Revenues available for debt service amounted to $8.0 million, which represented coverage of 8,000 over the $1,000 in debt service.

Annual debt service requirements to maturity are as follows (dollars in thousands):

| For the Fiscal Year | Governmental Activities | | Business-type Activities (Excluding Wastewater Direct Financing Arrangement) | | Wastewater Direct Financing Arrangement | |
|---|---|---|---|---|---|---|
| Ending June 30 | Principal | Interest | Principal | Interest | Principal | Interest |
| 2020 | $ 1,927 | 4,529 | 710 | 219 | - | 2 |
| 2021 | 1,997 | 4,430 | 725 | 202 | - | 2 |
| 2022 | 2,085 | 4,328 | 740 | 184 | - | 2 |
| 2023 | 1,615 | 4,243 | 760 | 166 | - | 2 |
| 2024 | 1,680 | 4,175 | 780 | 146 | - | 2 |
| 2025-2029 | 9,545 | 19,696 | 4,255 | 383 | - | 10 |
| 2030-2034 | 11,895 | 17,189 | - | - | 59 | 9 |
| 2035-2039 | 15,410 | 13,636 | - | - | - | - |
| 2040-2045 | 19,945 | 8,996 | - | - | - | - |
| 2046-2049 | 25,505 | 3,313 | - | - | - | - |
| Total | $ 91,604 | 84,535 | 7,970 | 1,300 | 59 | 29 |

There are a number of limitations, covenants and restrictions contained in the various bond indentures. The City is in compliance with all material limitations, covenants and restrictions.

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## NOTE 8 – PENSION PLANS

### A. *General Information about the Pension Plans*

***Plan Descriptions*** – All qualified regular and probationary employees are eligible to participate in either the City's Miscellaneous (all other) or Safety (police and fire) plans (Plans), agent multiple-employer defined benefit pension plans administered by CalPERS, which 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. CalPERS 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 at www.calpers.ca.gov.

***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, age at retirement and compensation. The cost-of-living adjustments for the CalPERS plans are applied as specified by the Public Employees' Retirement Law. The California Public Employees' Pension Reform Act (PEPRA), which became effective in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such, members who established CalPERS membership on or after January 1, 2013 are known as "PEPRA" members.

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## NOTE 8 – PENSION PLANS (Continued)

The Plans' provisions and benefits in effect at June 30, 2019, are summarized as follows:

| | *Miscellaneous* | |
|---|---|---|
| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 2.7% @ 55 | 2.0% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 50 - 55+ | 52 - 62+ |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.7% | 1.0% to 2.5% |
| Required employee contribution rates | 8.00% | 6.25% |
| Required employer contribution rates | 30.741% | 30.741% (A) |

| | *Safety* | |
|---|---|---|
| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 |
| Benefit formula | 3% @ 50 | 2.7% @ 57 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 50+ | 50 - 57+ |
| Monthly benefits, as a % of eligible compensation | 3.0% | 2% to 2.7% |
| Required employee contribution rates | 9.00% | 10.50% |
| Required employer contribution rates | 44.879% | 44.879% (A) |

(A) The minimum employer contribution rate under PEPRA is the greater of the required employer rate cost or the employer normal costs.

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## NOTE 8 – PENSION PLANS (Continued)

***Employees Covered*** – Employees covered by the benefit terms for each Plan as of June 30, 2018, the most recent actuarial valuations information available, are as follows:

| | Miscellaneous | Safety |
|---|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 648 | 295 |
| Inactive employees entitled to but not yet receiving benefits | 493 | 99 |
| Active employees | 459 | 153 |
| Total | 1,600 | 547 |

***Contributions*** – Section 20814(c) of the California Public Employees' Retirement Law requires the employer contribution rates for all public employers to be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. The actuarially determined rate is the projected 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. For the purpose of increasing the funded status of the Plans, the City contributed $4.7 million and $4.1 million in excess of the actuarially determined contributions for the Miscellaneous and Safety Plans, respectively, during the fiscal year ended June 30, 2019.

### *B. Net Pension Liability*

The City's net pension liability for each Plan is measured as the total pension liability, less the pension plan's fiduciary net position. The net pension liability of each of the Plans is measured as of June 30, 2018, using an annual actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. A summary of principal assumptions and methods used to determine the net pension liability is shown below.

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## NOTE 8 – PENSION PLANS (Continued)

***Actuarial Assumptions*** – The total pension liabilities in the June 30, 2017 actuarial valuations were determined using actuarial assumptions as follows:

| | Miscellaneous and Safety Plans |
|---|---|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Payroll Growth | 2.75% |
| Projected Salary Increase | Varies by Entry Age and Service |
| Post Retirement Benefit Increase | Contract COLA up to 2.00% until Purchasing Power Allowance Floor on Purchasing Power applies, 2.50% thereafter. |
| Mortality | Derived using CalPERS Membership Data for all Funds (1) |

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the CalPERS 2017 experience study report available on the CalPERS website.

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

***Change of Assumptions*** – Demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. The inflation rate reduced from 2.75 percent to 2.50 percent for the June 30, 2017 actuarial valuations.

***Discount Rate*** – The discount rate used to measure the total pension liability was 7.15 percent 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.

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## NOTE 8 – PENSION PLANS (Continued)

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

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

The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The long-term expected real rate of return by asset class and the target allocation adopted by the CalPERS Board effective on July 1, 2017, are as follows:

| Asset Class | Current Target Allocation | Real Return Years 1 - 10 [1] | Real Return Years 11+ [2] |
|---|---|---|---|
| Global Equity | 50.0% | 4.80% | 5.98% |
| Global Fixed Income | 28.0 | 1.00 | 2.62 |
| Inflation Sensitive | 0.0 | 0.77 | 1.81 |
| Private Equity | 8.0 | 6.30 | 7.23 |
| Real Estate | 13.0 | 3.75 | 4.93 |
| Liquidity | 1.0 | 0.00 | (0.92) |

(1) An expected inflation rate of 2.00% is used for this period.
(2) An expected inflation rate of 2.92% is used for this period.

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## NOTE 8 – PENSION PLANS (Continued)

### *C. Changes in the Net Pension Liability*

The changes in the net pension liability for each Plan are as follows (dollars in thousands):

***Miscellaneous Plan:***

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Position Liability |
| Balance at June 30, 2017 | $ 402,676 | 282,680 | 119,996 |
| Changes during the measurement period: | | | |
| Service cost | 7,669 | - | 7,669 |
| Interest on the total pension liability | 28,405 | - | 28,405 |
| Changes in assumptions | (2,554) | - | (2,554) |
| Differences between expected and actual experience | 2,350 | - | 2,350 |
| Contributions - employer | - | 17,917 | (17,917) |
| Contributions - employee | - | 3,513 | (3,513) |
| Plan to plan resource movement | - | (1) | 1 |
| Investment income | - | 24,062 | (24,062) |
| Administrative expenses | - | (1,277) | 1,277 |
| Benefit payments, including refunds of employee contributions | (18,056) | (18,056) | - |
| Net changes | 17,814 | 26,158 | (8,344) |
| Balance at June 30, 2018 | $ 420,490 | 308,838 | 111,652 |

***Safety Plan:***

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Position Liability |
| Balance at June 30, 2017 | $ 349,090 | 238,864 | 110,226 |
| Changes during the measurement period: | | | |
| Service cost | 6,677 | - | 6,677 |
| Interest on the total pension liability | 24,593 | - | 24,593 |
| Changes in assumptions | (1,385) | - | (1,385) |
| Differences between expected and actual experience | 1,416 | - | 1,416 |
| Contributions - employer | - | 14,872 | (14,872) |
| Contributions - employee | - | 2,965 | (2,965) |
| Plan to plan resource movement | - | (1) | 1 |
| Investment income | - | 20,199 | (20,199) |
| Administrative expenses | - | (1,079) | 1,079 |
| Benefit payments, including refunds of employee contributions | (16,998) | (16,998) | - |
| Net changes | 14,303 | 19,958 | (5,655) |
| Balance at June 30, 2018 | $ 363,393 | 258,822 | 104,571 |
| | | | |
| Total - All Plans at June 30, 2018 | $ 783,883 | 567,660 | 216,223 |

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**NOTE 8 – PENSION PLANS (Continued)**

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate*** – The net pension liability of the City for each Plan, calculated using the discount rate for each Plan, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate are as follows (dollars in thousands):

| | Discount Rate -1% (6.15%) | Current Discount Rate (7.15%) | Discount Rate +1% (8.15%) |
|---|---|---|---|
| Miscellaneous Plan | $ 166,536 | 111,652 | 66,129 |
| Safety Plan | 153,518 | 104,571 | 64,237 |
| Total | $ 320,054 | 216,223 | 130,366 |

***Pension Plan Fiduciary Net Position*** – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

***D. Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions***

For the fiscal year ended June 30, 2019, the City recognized pension expense of $20.3 million and $16.6 million for the Miscellaneous and Safety Plans, respectively.

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## NOTE 8 – PENSION PLANS (Continued)

The City reported deferred outflows of resources and deferred inflows of resources related to pensions by sources for the fiscal year ended June 30, 2019 as follows (dollars in thousands):

| *Miscellaneous Plan:* | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 17,517 | - |
| Differences between expected and actual experience | 1,480 | (431) |
| Changes in assumptions | 4,444 | (1,608) |
| Net differences between projected and actual earnings on plan investments | 321 | - |
| Total | $ 23,762 | (2,039) |

| *Safety Plan:* | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 15,233 | - |
| Differences between expected and actual experience | 944 | (208) |
| Changes in assumptions | 7,382 | (923) |
| Net differences between projected and actual earnings on plan investments | 490 | - |
| Total | $ 24,049 | (1,131) |
| Total - All Plans | $ 47,811 | (3,170) |

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**NOTE 8 – PENSION PLANS (Continued)**

As of June 30, 2019, the City reported $17.5 million and $15.2 million as deferred outflows of resources related to contributions subsequent to the measurement date for the Miscellaneous and Safety Plans, respectively, which will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense are as follows (dollars in thousands):

| Fiscal Year Ending June 30, | Miscellaneous Plan | Safety Plan | Total |
|---|---|---|---|
| 2020 | $ 7,303 | 8,912 | 16,215 |
| 2021 | 619 | 1,865 | 2,484 |
| 2022 | (2,950) | (2,460) | (5,410) |
| 2023 | (766) | (632) | (1,398) |
| Total | $ 4,206 | 7,685 | 11,891 |

## NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS

### A. *General Information about the OPEB Plan*

***Plan Descriptions*** – By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retirees (spouse and dependents are not included for CalPERS Miscellaneous employees, but are included for CalPERS Safety employees in the CalPERS Health Program governed by the Public Employees' Medical and Hospital Care Act (PEHMCA)) under a single employer defined benefit plan. In December 2008, the City entered into an agreement with CalPERS to participate in the CERBT, an agent multiple-employer other postemployment benefits plan, to fund the City's OPEB. CERBT is administrated by CalPERS, is managed by an appointed board not under the control of the City Council. CERBT issues a publicly available financial report that can be found on the CalPERS website at www.calpers.ca.gov.

The City also offers a Defined Contribution (DC) Plan to eligible miscellaneous employees. If an employee elects to participate in the DC Plan, the City makes contributions on behalf of the employee into a Health Savings Account (HSA). Employees who have elected the DC Plan are not included in the City's actuarial valuation for OPEB.

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## NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

***Benefits Provided*** – The City provides medical and vision OPEB benefits. The City provided OPEB by group and eligibility is as follows:

| Group | Hire Date | Minimum Years of Service | CalPERS Retirement Date | City-Paid Benefit |
|---|---|---|---|---|
| MVFF Safety<br>POA Safety<br>Fire and Police Managers | Any | 5 years CalPERS service | Any | PEMHCA benefits; Same contribution % as active employees |
| Non-Sworn POA | Prior to July 1, 1990 | 5 | Prior to July 1, 1992 | 100% of single premium |
| | | | July 1, 1992 and later | 85% of single premium |
| | July 1, 1990 through June 30, 2007 | 15 | Any | 85% of single premium |
| | July 1, 2007 and later* | | | 85% of single premium for any open City HMO plan |
| SEIU Maintenance | Prior to September 1, 1989 | 5 | Any | 100% of single premium |
| | September 1, 1989 through June 30, | 15 | | |
| | July 1, 2007 and later* | | | 85% of single premium for any open City HMO plan |
| SEIU Clerical and Technical | Prior to September 1, 1989 | 5 | Prior to March 1, 1993 | 100% of single premium |
| | | | March 1, 1993 through June 27, | 85% of single premium |
| | | | After June 27, 1998 | 100% of any single HMO premium; 85% of any single PPO premium |
| | September 1, 1989 through June 30, | 15 | Any | |
| | July 1, 2007 and later* | | | 85% of single premium for any City HMO plan |
| EAGLES and Unrepresented | Prior to August 1, 1989 | 5 | Prior to March 1, 1993 | 100% of single premium |
| | | | March 1, 1993 and later | 85% of single premium |
| | August 1, 1989 through June 30, 2007 | 15 | Prior to January 1, 1997 | No Coverage or Benefits |
| | | 5, but less than 10 | January 1, 1997 and later | 50% of single premium |
| | | 10, but less than 15 | | 65% of single premium |
| | | 15 or more | | 85% of single premium |
| | July 1, 2007 and later* | 15 | Any | 85% of single premium for any open City HMO plan |

*The following employees may elect the Defined Contribution plan in lieu of the Defined Benefit plan (described above):

- Non-Sworn POA hired July 1, 2015 and later
- SEIU hired July 1, 2010 and later
- EAGLES and Unrepresented hired July 1, 2007 and later

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## NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

***Employees Covered*** – Employees covered by the benefit terms as of July 1, 2017, the most recent actuarial valuations information available, are as follows:

| | |
|---|---|
| Inactive employees or beneficiaries currently receiving benefits | 391 |
| Active employees | 419 |
| Total | 810 |

***Contributions*** – The City's OPEB funding policy is to contribute 100 percent or more of the actuarially determined contribution each year. For the year ended June 30, 2019, the City's contributions totaled $8.0 million. For the purpose of increasing the funded status of the OPEB Plan, the City contributed $2.7 million in excess of the actuarially determined contributions during the fiscal year ended June 30, 2019.

### B. *Net OPEB Liability*

The City's net OPEB liability is measured as the total OPEB liability, less the OPEB plan's fiduciary net position. The net OPEB liability is measured as of June 30, 2018, using an annual actuarial valuation as of July 1, 2017. A summary of principal assumptions and methods used to determine the net OPEB liability is shown below.

***Actuarial Assumptions*** – The total OPEB liability in the July 1, 2017 actuarial valuation were determined using actuarial assumptions as follows:

| | |
|---|---|
| Valuation Date | July 1, 2017 |
| Measurement Date | June 30, 2018 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 6.50% |
| Inflation | 2.75% |
| Payroll Growth | 3.00% |
| Projected Salary Increase | 3.25% |
| Investment Rate of Return | 6.50% Net of OPEB Plan Investment Expenses, includes Inflation. |
| Post Retirement Benefit Increase | For medical plan premiums: 8.00% for the year beginning January 1, 2018 and graded down by 0.50% per year until 5.00% ultimate rate is reached. For vision premiums: 3.00% |
| Mortality | Derived using CalPERS Membership Data for all Funds (1) |

(1) Demographic actuarial assumptions used are based on CalPERS 2014 experience study report using data from 1997 to 2011, except for the MacLeod Watts Scale 2017 applied generationally as the basis to project future morality improvements. The representative mortality rates were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008.

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## NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

***Discount Rate*** – The discount rate used to measure the total OPEB liability is 6.50 percent. The projection of cash flows used to determine the discount rate assumed that the City's contribution will be made equal to the actuarially determined contribution. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OEPB plan investments is applied to all periods of projected benefit payments to determine the total OPEB Liability.

The long-term expected rate of return for OPEB plan investments is 6.50 percent. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. The long-term expected real rate of return by asset class and the target allocation are as follows:

| Asset Class | Current Target Allocation | Real Return Years 1-10 [1] | Real Return Years 11+ [2] |
|---|---|---|---|
| Global Equity | 40.0% | 5.25% | 5.71% |
| Fixed Income | 39.0 | 1.79 | 2.40 |
| TIPS | 10.0 | 1.00 | 2.25 |
| REITS | 8.0 | 3.25 | 7.88 |
| Commodities | 3.0 | 0.34 | 4.95 |

(1) An expected inflation rate of 2.5% is used for this period.
(2) An expected inflation rate of 3.0% is used for this period.

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## NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The changes in the Net OPEB Liability are as follows (dollars in thousands):

| | Increase (Decrease) | | |
|---|---|---|---|
| | Total OPEB Liability | Plan Fiduciary Net Position | Net OPEB Liability |
| Balance at June 30, 2017 | $ 143,997 | 110,768 | 33,229 |
| Changes during the measurement period: | | | |
| Service cost | 3,231 | - | 3,231 |
| Interest on the total OPEB liability | 9,392 | - | 9,392 |
| Changes in assumptions | - | - | - |
| Differences between expected and actual experience | - | - | - |
| Contributions - employer | - | 13,233 | (13,233) |
| Investment income | - | 6,858 | (6,858) |
| Administrative expenses | - | (206) | 206 |
| Benefit payments | (5,459) | (5,459) | - |
| Net changes | 7,164 | 14,426 | (7,262) |
| Balance at June 30, 2018 | $ 151,161 | 125,194 | 25,967 |

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*** – The net OPEB liability of the City, calculated using the discount rate of 6.50 percent, as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate are as follows (dollars in thousands):

| Discount Rate -1% (5.50%) | Current Discount Rate (6.50%) | Discount Rate +1% (7.50%) |
|---|---|---|
| $ 49,956 | 25,967 | 8,795 |

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*** – 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 one percentage point lower or one percentage point higher than the current rate are as follows (dollars in thousands):

| Healthcare Cost Trend Rate -1% | Healthcare Cost Trend Current Rate | Healthcare Cost Trend Rate +1% |
|---|---|---|
| $ 4,462 | 25,967 | 53,650 |

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**NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)**

***OPEB Plan Fiduciary Net Position*** – Detailed information about the OPEB plan's fiduciary net position is available in the separately issued CERBT financial report.

### *E. OPEB Expenses and Deferred Outflows/Inflows of Resources Related to OPEB*

For the fiscal year ended June 30, 2019, the City recognized OPEB expense of $6.9 million.

The City reported deferred outflows of resources and deferred inflows of resources related to OPEB by sources for the fiscal year ended June 30, 2019 are as follows (dollars in thousands):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| OPEB contributions subsequent to measurement date | $ 8,014 | - |
| Differences between expected and actual experience | - | (5,144) |
| Changes in assumptions | 8,931 | - |
| Net differences between projected and actual earnings on plan investments | 271 | - |
| Total | $ 17,216 | (5,144) |

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## NOTE 9 – OTHER POSTEMPLOYMENT BENEFITS (Continued)

As of June 30, 2019, the City reported $8.0 million as deferred outflows of resources related to contributions for OPEB subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2020. Net amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as OPEB expense are as follows (dollars in thousands):

| Fiscal Year Ending June 30, | | |
|---|---|---|
| 2020 | $ | 1,477 |
| 2021 | | 1,477 |
| 2022 | | 986 |
| 2023 | | 118 |
| Total | $ | 4,058 |

## NOTE 10 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts, errors and omissions, injuries to employees or others, unemployment and certain health care benefits of employees. The City has established various self-insurance programs to account for and finance its uninsured risks of loss. Under the self-insurance programs, the City retains the risk of loss up to a maximum of $1.0 million for general liability claims, $750,000 for workers' compensation claims with statutory excess insurance and actual costs incurred for unemployment and certain healthcare benefits.

For general liability claims, the City has excess liability coverage through the Authority for California Cities Excess Liabilities (ACCEL) to cover the risk of loss for claims in excess of $1.0 million per incident. ACCEL is a joint powers authority (JPA) of medium-sized California municipalities, which pools catastrophic general liability, automobile liability and public officials' errors and omissions losses.

Charges to the General Fund and other insured funds are determined from an analysis of self- insured claims costs and reserve requirements and are recorded as operating expenditures or expenses of such funds and operating revenues of the various internal service funds.

Estimated liabilities are recorded for claims in cases where such amounts are reasonably determinable and where the liability is likely for claims which are incurred through the end of the fiscal year but not reported until after that date. The estimated liability is determined based upon historical claims data and independently determined estimates of the amounts needed to pay prior and current year claims.

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## NOTE 10 – RISK MANAGEMENT (Continued)

Changes in accrued self-insurance claims for the fiscal year ended June 30 are as follows (dollars in thousands):

| | 2018 | 2019 |
|---|---|---|
| Beginning Balance | $ 10,109 | 10,109 |
| Liability for current and change in prior fiscal year claims and claims incurred but not reported (IBNR) | 1,010 | 2,412 |
| Claims paid | (1,010) | (1,040) |
| Ending Balance | $ 10,109 | 11,481 |
| Current portion | $ 3,537 | 2,582 |

The City has not significantly reduced its insurance coverage from the prior fiscal year. Furthermore, settlements have not exceeded insurance coverage for the past three fiscal years.

## NOTE 11 – LEASING ARRANGEMENTS

### *A. SFX Entertainment, Inc.*

On June 20, 1986, the City and the Shoreline Community, as lessors, entered into a 35-year operating lease with the Shoreline Amphitheatre Partners (SAP), an entity not affiliated with the City or the Shoreline Community. This lease provided for the rental of City land underneath the Shoreline Amphitheatre. The lease payments included a minimum lease payment and a portion equal to a percentage of gross receipts, including concession revenues, of Shoreline Amphitheatre operations. A substantial portion of the future minimum lease payments was paid in advance by SAP in Fiscal Year 1996-97 as permitted in the lease agreement.

On May 10, 2006, the City, the Shoreline Community and SFX Entertainment, Inc. (SFX), wholly owned by Live Nation, entered into an Amended and Restated Amphitheatre Ground Lease Agreement (Agreement) for the period from March 15, 2006 through December 31, 2020. SFX has an option to extend the lease five more years beginning January 1, 2021 and has exercised that option. The current expiration date is December 31, 2025. A second five-year option is at the discretion of the City. As required by the Agreement, the lessee pays annual base rent of $1.8 million to the City, due in nine equal installments in the months of April through December. Additional rent and event rentals are due in accordance with

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## NOTE 11 – LEASING ARRANGEMENTS (Continued)

the terms of the Agreement. Beginning March 15, 2018, the minimum lease payment shall be increased 2.0 percent each year, compounded. For the fiscal year ended June 30, 2019, lease payments of $2.0 million were received of which $1.8 million was the base rent.

The future minimum lease payments due to the City under the aforementioned lease are as follows (dollars in thousands):

| Fiscal Year Ending June 30 | Amount |
|---|---|
| 2020 | $ 1,885 |
| 2021 | 1,923 |
| 2022 | 1,961 |
| 2023 | 2,001 |
| 2024 | 2,041 |
| Thereafter | 3,487 |
| Total | $ 13,298 |

On December 11, 2007, the City Council authorized the execution and consent to the sublease of Parking Lots C & D between Live Nation and Google, Inc. for a 10-year term terminating December 13, 2017. On March 7, 2017, the City Council approved Google's request for an extension of the sublease to December 31, 2020. In addition, the City Council approved the sublease of Parking Lots C & D from January 1, 2021 through December 31, 2025 with Google LLC (coinciding with the termination date of SFX's first option to renew the Amphitheatre ground lease mentioned above). Based on these agreements, rent from SFX for the Amphitheatre is assumed through December 2025.

### *B. Google LLC.*

On March 7, 1995, the City, as lessor, entered into a 55-year lease with Silicon Graphics, Inc. (SGI), an entity not affiliated with the City (1995 Lease). This lease provides for the rental of City land located within the Shoreline Community upon which SGI constructed a 500,000 square foot corporate campus.

On December 12, 1996, the City, as lessor, entered into another 55-year lease with SGI (1997 Lease). This lease provides for the rental of City land located within the Shoreline Community upon which SGI constructed a second 556,000 square foot facility.

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## NOTE 11 – LEASING ARRANGEMENTS (Continued)

On April 19, 2001, SGI assigned the two lease agreements described above to Goldman Sachs, Inc., an entity not affiliated with SGI or the City. Goldman Sachs assigned the agreements to WXIII/Crittenden Realty C, L.L.C on May 22, 2001, which assigned the agreements to Google on June 29, 2006.

The 1995 and 1997 Leases provide for rent increases of 4.0 percent per annum and the rent is to be adjusted every 10 years to the greater of 6.0 percent of the then fair value of the property or the initial base rent.

The second ten year rent adjustment for the 1995 and 1997 Leases were completed in arbitration which resulted in fair value and fair rate of return determinations to be effective April 1, 2016 and January 2017, respectively.

On August 31, 2007, the City, as lessor, entered into a 55-year lease with Google (2007 Lease). The lease provides for rent increases of 3.0 percent per annum and the rent is to be adjusted every 10 years to the greater of 7.0 percent of the then fair value of the property or the initial base rent. The revalued monthly rent shall not exceed 165.0 percent of the monthly rent payable during the initial year of the prior escalation period.

For the fiscal year ended June 30, 2019, $14.4 million of lease revenues have been recognized under the aforementioned three leases.

The future minimum lease payments due to the City under the aforementioned three leases follow (dollars in thousands):

| Fiscal Year Ending June 30 | Amount |
|---|---|
| 2020 | $ 14,965 |
| 2021 | 15,544 |
| 2022 | 16,146 |
| 2023 | 16,771 |
| 2024 | 17,421 |
| Thereafter | 173,492 |
| Total | $ 254,339 |

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**NOTE 11 – LEASING ARRANGEMENTS (Continued)**

On April 1, 2011, the City, as lessor, entered into a 52-year lease with Google (termination to coincide with the 2007 Lease). Google deposited the rent for the initial 52-year lease term in the amount of $30.0 million into the City's Refundable Land Lease Rent Agency Fund. Revenue is recognized in the General Fund on a straight-line basis over the lease term. The balance is held by the City in an agent capacity and is refundable to Google subject to certain conditions in the lease agreement. For the year ended June 30, 2019, $581,000 of lease revenue has been recognized by the General Fund.

In Fiscal Year 2017-18, the City Council approved the development for the Charleston East site and approved the sublease of Parking Lots C & D between Google and SFX through December 2025 to provide temporary parking space during the Charleston East Site construction. The City received a $600,000 one-time payment in exchange for the City's consent to accept the sublease between Google and SFX as discussed above.

***C. ROEM Development Corporation***

On May 1, 2011, the City, as lessor, entered into a 60-year lease with ROEM. The lease provides for the rental of land known as 135 Franklin Street, upon which ROEM has constructed an affordable family rental housing development.

ROEM prepaid the rent for the initial 60-year lease term in the amount of $3.5 million. Revenue is recognized in the General Fund on a straight-line basis over the lease term. For the year ended June 30, 2019, $59,000 of lease revenue has been recognized by the General Fund.

***D. MV 101 Development, LLC (Ameswell)***

On April 1, 2015, the City, as lessor, entered into a DDA and a 55-year ground lease with MV 101 Development, LLC, (MV 101), an entity not affiliated with the City. The DDA provides for the development of 6.69 acres of land owned by the City, at 750 Moffett Boulevard, commonly referred to as Ameswell (formerly Moffett Gateway) in conjunction with adjacent land formerly owned by Caltrans and acquired by MV 101, with a hotel, office building and joint parking structure.

The ground lease provides for the rental of the City land for 55 years with potentially four 10-year extensions. The agreement also provides for office building minimum rent upon the issuance of a building permit at $140 per

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**NOTE 11 – LEASING ARRANGEMENTS (Continued)**

buildable square foot at 5.0 percent of the fair value of the land, with increases of 3.0 percent per annum. Commencing with the 16th operating year and every 10 years thereafter, the building minimum base rent shall be increased or decreased to the current market rate based on 5.0 percent of the then current fair value of the property or the initial base rent, whichever is higher and adjusted thereafter by the annual CPI. A building permit was issued on June 22, 2018. For the fiscal year ended June 30, 2019, $1.4 million of lease payments were received.

The future lease payments due to the City under the aforementioned lease are as follows (dollars in thousands):

| Fiscal Year Ending June 30 | Amount |
|---|---|
| 2020 | $ 1,400 |
| 2021 | 1,400 |
| 2022 | 1,400 |
| 2023 | 1,421 |
| 2024 | 1,464 |
| Thereafter | 69,004 |
| Total | $ 76,089 |

***E. RGC Mountain View I, LLC (Hope Street)***

On May 25, 2017, the City, as lessor, entered into a DDA with RGC MOUNTAIN VIEW I, LLC, (RGC), an entity not affiliated with the City. The DDA provides for the development of land owned by the City, portions of Lots 4 and 8 or Hope Street Lots for a mixed-used project, including a premier hotel, Class A office building, increasing the number of public parking spaces and provide a financial return for the City. Concurrently, with the execution of the DDA, the City and RGC executed (but not delivered) two ground leases. The ground leases have been deposited into escrow and will be delivered and effective within 90 days of approval of a building permit.

The DDA obligates the City to provide a total of $25.5 million as the City's participation in the development. The City's participation may be in the form of Parking District funds, Parking In-Lieu funds, other funds (including the potential of debt issuance) and or a transient occupancy tax rebate. The City has the sole discretion to elect the form of its participation. The City's participation is contingent upon the closing of a financing loan for the development by RGC.

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## NOTE 11 – LEASING ARRANGEMENTS (Continued)

Each ground lease is for 55-years, with the potential for four 10-year extensions. Lot 4 is provided for the rental of the City land for the development of a 180 room hotel. The lease provides the City shall receive rent in the form of minimum base rent, percentage rent, and potential bonus rent and participation rent. The minimum base rent and percentage rent are subject to periodic rent adjustments. Lot 8 is provided for the rental of the City land for the development of 50,000 square foot of office space. The lease provides the City shall receive rent in the form of minimum base rent, percentage rent, and potential bonus rent and participation rent. The minimum base rent and percentage rent are subject to periodic rent adjustments.

## NOTE 12 – NET POSITION AND FUND BALANCES

### *A. Net Position*

Net position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined at the Government-wide level and proprietary funds and are described as follows:

*Net investment in capital assets* – This caption groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, including debt related deferred outflows and inflows of resources that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

*Restricted* - This caption represents net position, which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which the City cannot unilaterally alter. These principally include developer fees received for use on capital projects, grant funds, funds restricted for debt service, and funds restricted to low and moderate income housing purposes.

*Unrestricted* – This caption represents net position of the City not restricted for any project or purpose.

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## NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

### *B. Fund Balances*

Governmental fund balances represent the assets and deferred outflows of resources less the liabilities and deferred inflows of resources of each fund. Governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on how specific amounts in the funds can be spent. For programs with multiple funding sources, the City prioritizes and expends funds in the following order: Restricted, Committed, Assigned and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint as follows:

*Nonspendable* fund balances are amounts that cannot be spent because they are either (a) not in spendable form; or (b) legally or contractually required to be maintained intact.

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation, which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources.

*Committed* fund balances have constraints imposed by resolution of the City Council, which may only be altered by resolution of the City Council. Nonspendable amounts subject to Council commitments are included along with spendable resources.

*Assigned* fund balances are amounts constrained by the City's intent to be used for a specific purpose, but are neither restricted nor committed. 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. This category also includes residual fund balances of Special Revenue, Capital Projects and Debt Service Funds, which have not been restricted or committed.

*Unassigned* fund balance represents residual amounts that have not been restricted, committed or assigned. This includes the residual general fund balance and residual fund deficits, if any, of other governmental funds.

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## NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

Detailed classifications of the City's Fund Balances, as of June 30, 2019 are as follows (dollars in thousands):

| Fund Balance Classifications | General | Shoreline Regional Park Community | Housing | General Capital Projects | Park Land Dedication Capital Projects | Other Governmental | Total |
|---|---|---|---|---|---|---|---|
| **Nonspendable:** | | | | | | | |
| Inventory | $ 505 | - | - | - | - | 72 | 577 |
| Deposits and prepaid costs | 14 | - | - | - | - | - | 14 |
| **Total Nonspendable** | 519 | - | - | - | - | 72 | 591 |
| **Restricted:** | | | | | | | |
| Shoreline Regional Park Community | - | 93,091 | - | - | - | - | 93,091 |
| Landfill Containment | - | 7,000 | - | - | - | - | 7,000 |
| Housing | - | - | 120,261 | - | - | - | 120,261 |
| General Capital Projects | - | - | - | 174,508 | - | - | 174,508 |
| Park Land Dedication Fees | - | - | - | - | 62,038 | - | 62,038 |
| Gas Tax | - | - | - | - | - | 1,912 | 1,912 |
| Other Streets and Transportation | - | - | - | - | - | 1,331 | 1,331 |
| Construction & Conveyance Tax | - | - | - | - | - | 12,709 | 12,709 |
| Development Services | - | - | - | - | - | 1,296 | 1,296 |
| CSFRA/Rental Housing Committee | - | - | - | - | - | 1,166 | 1,166 |
| Housing Successor | - | - | - | - | - | 13,206 | 13,206 |
| Downtown Benefit Assessment District | - | - | - | - | - | 15,826 | 15,826 |
| Police Asset Forfeitures | - | - | - | - | - | 171 | 171 |
| Grants | - | - | - | - | - | 19,740 | 19,740 |
| Cable Television | - | - | - | - | - | 828 | 828 |
| Deferred Assessments | - | - | - | - | - | 390 | 390 |
| Debt Service | - | - | - | - | - | 6,677 | 6,677 |
| Storm Drain Construction | - | - | - | - | - | 132 | 132 |
| Minor Estate Trust | 424 | - | - | - | - | - | 424 |
| **Total Restricted** | 424 | 100,091 | 120,261 | 174,508 | 62,038 | 75,384 | 532,706 |
| **Committed:** | | | | | | | |
| Development Services | 27,108 | - | - | - | - | 8,070 | 35,178 |
| Budget Contingency | 6,470 | - | - | - | - | - | 6,470 |
| Earned Lease Revenue | 6,160 | - | - | - | - | - | 6,160 |
| Property Management | 1,577 | - | - | - | - | - | 1,577 |
| Graham Site Maintenance | 733 | - | - | - | - | - | 733 |
| Transportation | 4,000 | - | - | - | - | - | 4,000 |
| Capital Improvement | 12,539 | - | - | - | - | - | 12,539 |
| Open Space Acquisition | 3,456 | - | - | - | - | - | 3,456 |
| Strategic Property Acquisition | 6,474 | - | - | - | - | - | 6,474 |
| Childcare Commitment | 509 | - | - | - | - | - | 509 |
| Compensated Absences | 5,855 | - | - | - | - | - | 5,855 |
| General Special Purpose | - | - | - | - | - | 105 | 105 |
| **Total Committed** | 74,881 | - | - | - | - | 8,175 | 83,056 |
| **Assigned:** | | | | | | | |
| Contractual Obligations | 2,819 | - | - | - | - | - | 2,819 |
| **Unassigned:** | 64,539 | - | - | - | - | (128) | 64,411 |
| **Total Fund Balances** | $ 143,182 | 100,091 | 120,261 | 174,508 | 62,038 | 83,503 | 683,583 |

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## NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

### *C. Committed Fund Balances*

The City Council adopted reserve policies and additional council actions which includes commitments of fund balances as follows:

1. The Development Services fund balances shall be used to fund the future obligations of the City's development activity.

2. The General Fund Budget Contingency Reserve shall be used to provide one-time financial resources during uncertain economic conditions. This reserve may be used for such things as the transitioning of positions to be eliminated, the phasing out of certain expenditures, smoothing of employee benefit changes, or anticipated or unanticipated revenue declines, as approved by City Council.

3. The General Fund Earned Lease Revenue Reserve Shall be used to accumulate the rent from the ground lease of a portion of the City's Charleston East property to Google LLC (Google). Google prepaid $30.0 million as rent for the initial approximately 52-year lease term. The intent is for this reserve to accumulate the rent, as it is earned, so that the $30.0 million principal balance will be available at the end of the initial lease term.

4. The General Fund Property Management Reserve shall be used to provide a source of funds for obligations, which could arise from the City's leasing of property including legal services, certain responsibilities identified in land leases, environmental testing, or other costs normally incurred by a lessor.

5. The Graham Site Maintenance Reserve shall be used to fund the maintenance obligations, per the agreement with the school district, of the Graham Sports Complex, including the playing field at Graham Middle School beneath which the City has a reservoir.

6. The Transportation Reserve shall be used for the funding of major priority transportation projects to mitigate traffic congestion, improve infrastructure, and meet the needs of the City, as authorized by the City Council.

7. The General Fund Capital Improvement Reserve shall be used for the funding of unanticipated priority capital improvement projects authorized by the City Council. To the extent possible, General Fund carryovers remaining from the end of the fiscal year, not assigned or committed for other purposes, may be applied to this reserve.

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## NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

8. The General Fund Open Space Acquisition Reserve shall be used for the purpose of acquiring open space to meet the needs of the City as authorized by the City Council. Proceeds from excess City-owned properties shall fund this reserve as directed by City Council.

9. The General Fund Strategic Property Acquisition Reserve shall be used for the purpose of setting aside specific funds for the City to use for the acquisition of strategic property(ies).

10. The Child-Care Commitment Reserve shall be used to fund low-income subsidies.

11. The Compensated Absences Reserve shall fund the disbursements of terminated or retired employees for accrued vacation and sick leave or other accrued leave as applicable.

12. The General Special Purpose Reserve shall be used to replace trees when a developer is unable to plant the required trees.

### D. *Minimum Fund Balance/Net Position Policies*

The City's Financial and Budgetary Policy requires the City to strive to maintain the following fund balances/net position:

1. The General Fund Reserve at 20 to 25 percent of General Operating Fund appropriations.

2. The General Fund Capital Improvement Reserve to be funded with a goal of a minimum balance of $5.0 million.

3. The Compensated Absences Reserve shall be funded at a minimum 80 percent of the liabilities of the City for compensated absences such as vacation and vested sick leave.

4. The Shoreline Regional Park Community Special Revenue Fund shall maintain a reserve of 25 percent of operating budget for three months of operating expenditures; the landfill reserve shall be incrementally increased to accumulate funds to rebuild the landfill system, which is initially estimated at approximately $12.0 million, in case of a catastrophic event; and the sea level rise reserve is to be incrementally increased to $30.0 million for flood protection projects necessary to protect public and private investments within the Shoreline Community identified in the Sea Level Rise Study.

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## NOTE 12 – NET POSITION AND FUND BALANCES (Continued)

5. The Enterprise Fund Reserves shall maintain a minimum 10 percent of operating budget for emergency, a minimum of 5 percent operating budget for contingency and a goal of 10 percent of operating budget for rate stabilization.

6. The Equipment Replacement Reserve shall be maintained to fund the replacement of capital equipment.

7. The Workers' Compensation Self-Insurance Reserve shall include at a minimum provision to cover projected liabilities and two catastrophic losses at the City's current level of self-insured retention.

8. The Liability Self-Insurance Reserve shall be maintained at a minimum level of $2.0 million plus expected claims settlements.

9. The Unemployment Self-Insurance Reserve and the Employee Benefit Plan Reserve shall be maintained at a level adequate to meet estimated benefit liabilities.

### *E. Landfill Containment Reserve*

In 2013, CalRecycle regulations required the City to create a reserve, in whole or incrementally, for potential corrective actions associated with a non-water release event at the landfill site. The estimated costs of the corrective actions are adjusted annually by an inflation factor approved by CalRecycle. On June 25, 2013, the City Council approved to restrict funds for landfill containment in the Landfill reserve of the Shoreline Community Fund. The City estimated the costs for the corrective actions to be $1.0 million for the fiscal year ended June 30, 2019 and $12.0 million to rebuild a new landfill system. As of June 30, 2019, the City restricted $7.0 million for landfill containment.

### *F. Deficit Fund Balance*

At June 30, 2019, the Shoreline Golf Links Nonmajor Special Revenue Fund had a deficit fund balance of $56. The deficit is partially due to the timing difference of receipt of revenues to fund its expenditures. The remaining deficit is expected to be funded by future user fees.

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## NOTE 13 – COMMITMENTS AND CONTINGENCIES

### A. *Encumbrances*

The City's outstanding encumbrances as of June 30, 2019, are as follows (dollars in thousands):

| | Amount | Fund Balance Classification |
|---|---|---|
| General Fund | $ 2,409 | Committed |
| General Fund | 2,819 | Assigned |
| Shoreline Regional Park Community | 331 | Restricted |
| Housing | 4,619 | Restricted |
| General Capital Projects | 49,767 | Restricted |
| Nonmajor Governmental Funds | 1,094 | Restricted |
| Total | $ 61,039 | |

### B. *Litigation*

The City is a defendant in several lawsuits and other matters arising in the normal course of operations. The City's management and legal counsel are of the opinion the potential claims against the City not covered by insurance resulting from such litigation would not materially affect the financial position of the City.

### C. *City of Palo Alto Regional Water Quality Control Plant*

The City transmits its wastewater for treatment to a system of transmission, treatment and disposal of wastewater (the "Joint System" or "Treatment Plant") owned and administered by the City of Palo Alto. The Joint System is governed by an agreement between the City of Palo Alto, the City of Mountain View, and the City of Los Altos (the Partners) for the acquisition, construction and maintenance of the Joint System (Agreement). As part of the Agreement, the City purchases treatment capacity at the Treatment Plant. The Agreement provides that the City will purchase capacity through December 31, 2060 and for the City of Palo Alto to set service charges annually with quarterly billings based on estimated use. A reconciliation of actual to estimated charges is completed annually. For the fiscal year ended June 30, 2019, these costs totaled $10.2 million.

The Agreement has been supplemented or amended from time to time. Addenda include provisions for improvements to the Joint System for which debt was issued by the City of Palo Alto and the Partners agreed to pay their share of debt based on capacity rights. Each Partner's share of debt is included in the annual budget provided by the City of Palo Alto and is billed through the quarterly billings. For the fiscal year ended June 30, 2019, the City's share of debt totaled to

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## NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

$0.6 million. Each Partner city agrees to produce gross revenues sufficient in each fiscal year to provide net revenues equal to 1.25 times their proportionate share of debt. The City's coverage ratio for the fiscal year ended June 30, 2019 is 15.5.

### *D. Sunnyvale Material Recovery and Transfer (SMaRT®) Station*

During Fiscal Year 1992-93, the City entered into a Memorandum of Understanding (MOU) with the City of Sunnyvale to obtain solid waste and recycling services at the SMaRT® Station. The MOU provides that the City has capacity share of 23.45 percent of this facility for 30 years expiring in Fiscal Year 2021-22. Annual service charges are determined based on actual per-ton charges. For the fiscal year ended June 30, 2019, these costs totaled $7.8 million.

### *E. Education Enhancement Reserve Joint Powers Agreement*

On June 30, 2013, the Shoreline Community entered into an Education Enhancement JPA with the Mountain View Los Altos Unified High School District (MVLAUHSD) and the Mountain View Whisman School District (MVWSD) effective July 1, 2013, for a period of 10 years, superseding any prior agreements. The agreement provides for minimum annual payments commencing with the fiscal year ended June 30, 2014 of $1.8 million and $2.9 million to MVLAUHSD and MVWSD, respectively. Each subsequent fiscal year increases based on the growth in property tax revenues in the preceding fiscal year. For the fiscal year ended June 30, 2019, the Shoreline Community paid $6.7 million in contributions and recorded the pass-through of the contributions in the Education Enhancement JPA Agency Fund.

### *F. Tax Revenue Sharing*

Pursuant to an agreement between the City, the Shoreline Community, and the County dated June 22, 2005, the Shoreline Community is annually obligated to pay the County from tax revenues, an amount equal to the County's total retirement tax override levies and pass-through an additional amount of taxes that would have been allocated to the County in the absence of the existence of the Shoreline Community. For the fiscal year ended June 30, 2019, $1.6 million and $2.0 million in retirement tax override levies and pass-through payments, respectively, were paid to the County.

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## NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

### *G. Bay Area Water Supply and Conservation Agency Revenue Bonds Surcharge*

The City contracts with the City and County of San Francisco for the purchase of water from the Hetch Hetchy System operated by the San Francisco Public Utilities Commission (SFPUC). The City is also a member of the Bay Area Water Supply and Conservation Agency (BAWSCA), which represents the interests of all the 24 cities and water districts, as well as two private utilities, that purchase wholesale water from the SFPUC.

Under the 2009 25- year agreement with the SFPUC, a minimum water delivery level is included. On June 21, 2017, the City entered an agreement to permanently transfer all rights, title and interest of 1.0 MGD of annual Individual Supply Guarantee to the City of East Palo Alto (EPA). After SFPUC approved the agreement, the City received a one-time payment of $5.0 million in Fiscal Year 2017-18 from EPA for the 1.0 MGD water rights. For the fiscal year ended June 30, 2019, the City made a $3.4 million payment to the SFPUC to meet the City's minimum water purchase requirement of 8.930 MGD.

In addition, under the agreement, the SFPUC issues revenue bonds and the debt service (which also includes an interest component) is paid for through rates over the life of the bonds. Prior assets under the previous agreement were transferred to the new agreement and assigned a life with an agreed upon rate of return of 5.13 percent.

BAWSCA issued Revenue Bonds (Bonds) in the principal amount of $335.8 million in January 2013 to prepay the capital cost recovery payment obligation and fund a stabilization fund. The Bonds mature in October 2034 and are secured by surcharges to the monthly water purchase charges imposed upon the participating members. The Bonds are not a debt obligation of any member, and BAWSCA's failure to pay its Bonds would not constitute a default by any participating member.

The City paid its surcharge of $1.5 million during the fiscal year ended June 30, 2019, which is included as a component of purchased water expenses in the Water Enterprise Fund. The surcharge for Fiscal Year 2019-20 is estimated to be $1.4 million.

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## NOTE 13 – COMMITMENTS AND CONTINGENCIES (Continued)

### *H. Property Purchase Agreement*

On February 13, 2018, the Council approved the actions to enter into an agreement with Google LLC to acquire real property for the Plymouth Street Realignment project. The cost of the acquisition is $28.5 million. The executed agreement is held in escrow and the City has set aside funds for the acquisition. As of June 30, 2019, the City has not acquired the property.

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**CITY OF MOUNTAIN VIEW**
**Required Supplementary Information (Unaudited)**
**Schedule of Changes in Net Pension Liability and Related Ratios - Miscellaneous Plan**
**(Dollar in Thousands)**

| | Fiscal Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2016** | **2015** |
| **Measurement period** | 2018 | 2017 | 2016 | 2015 | 2014 |
| **Total pension liability** | | | | | |
| Service cost | $ 7,669 | 7,473 | 6,675 | 6,412 | 6,218 |
| Interest on the total pension liability | 28,405 | 27,198 | 26,269 | 25,058 | 23,873 |
| Changes of assumptions | (2,554) | 22,221 | - | (6,028) | - |
| Differences between expected and actual experience | 2,350 | (2,154) | (577) | (568) | - |
| Benefit payments, including refunds of employee contributions | (18,056) | (17,303) | (15,518) | (14,861) | (13,823) |
| Net change in total pension liability | 17,814 | 37,435 | 16,849 | 10,013 | 16,268 |
| Total pension liability, beginning | 402,676 | 365,241 | 348,392 | 338,379 | 322,111 |
| **Total pension liability, ending** | **$ 420,490** | **402,676** | **365,241** | **348,392** | **338,379** |
| **Plan fiduciary net position** | | | | | |
| Contributions, employer | $ 17,917 | 12,413 | 11,318 | 8,673 | 7,796 |
| Contributions, employee | 3,513 | 3,121 | 3,065 | 3,148 | 3,147 |
| Plan to plan resource movement | (1) | - | - | - | - |
| Investment income | 24,062 | 29,071 | 1,328 | 5,709 | 38,300 |
| Benefit payments, including refunds of employee contributions | (18,056) | (17,303) | (15,518) | (14,861) | (13,823) |
| Administrative expenses | (1,277) | (378) | (156) | (288) | - |
| Net change in plan fiduciary net position | 26,158 | 26,924 | 37 | 2,381 | 35,420 |
| Plan fiduciary net position, beginning | 282,680 | 255,756 | 255,719 | 253,338 | 217,918 |
| **Plan fiduciary net position, ending** | **$ 308,838** | **282,680** | **255,756** | **255,719** | **253,338** |
| **Plan net pension liability** | **$ 111,652** | **119,996** | **109,485** | **92,673** | **85,041** |
| **Plan fiduciary net position as a percentage of the total pension liability** | **73.4%** | **70.2%** | **70.0%** | **73.4%** | **74.9%** |
| **Covered payroll** | **$ 40,657** | **39,034** | **38,450** | **36,233** | **34,163** |
| **Plan net pension liability as a percentage of covered payroll** | **274.6%** | **307.4%** | **284.7%** | **255.8%** | **248.9%** |

**Note to schedule:**

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes, which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in assumptions - During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50 percent to 7.65 percent. There is no change in discount rate 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.

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only five years of information is shown.

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**CITY OF MOUNTAIN VIEW**
**Required Supplementary Information (Unaudited)**
**Schedule of Changes in Net Pension Liability and Related Ratios - Safety Plan**
**(Dollar in Thousands)**

| | Fiscal Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2016** | **2015** |
| **Measurement period** | 2018 | 2017 | 2016 | 2015 | 2014 |
| **Total pension liability** | | | | | |
| Service cost | $ 6,677 | 6,857 | 5,945 | 6,061 | 6,311 |
| Interest on the total pension liability | 24,593 | 23,599 | 22,704 | 21,792 | 20,641 |
| Changes of assumptions | (1,385) | 19,688 | - | (5,345) | - |
| Differences between expected and actual experience | 1,416 | (157) | (1,633) | 1,234 | - |
| Benefit payments, including refunds of employee contributions | (16,998) | (15,977) | (14,765) | (13,721) | (12,416) |
| Net change in total pension liability | 14,303 | 34,010 | 12,251 | 10,021 | 14,536 |
| Total pension liability, beginning | 349,090 | 315,080 | 302,829 | 292,808 | 278,272 |
| **Total pension liability, ending** | **$ 363,393** | **349,090** | **315,080** | **302,829** | **292,808** |
| **Plan fiduciary net position** | | | | | |
| Contributions, employer | $ 14,872 | 10,572 | 9,904 | 8,139 | 7,244 |
| Contributions, employee | 2,965 | 2,709 | 2,697 | 2,656 | 2,924 |
| Plan to plan resource movement | (1) | - | - | 32 | - |
| Investment income | 20,199 | 24,545 | 1,117 | 4,852 | 32,936 |
| Benefit payments, including refunds of employee contributions | (16,998) | (15,977) | (14,765) | (13,721) | (12,416) |
| Administrative expenses | (1,079) | (321) | (133) | (246) | - |
| Net change in plan fiduciary net position | 19,958 | 21,528 | (1,180) | 1,712 | 30,688 |
| Plan fiduciary net position, beginning | 238,864 | 217,336 | 218,516 | 216,804 | 186,116 |
| **Plan fiduciary net position, ending** | **$ 258,822** | **238,864** | **217,336** | **218,516** | **216,804** |
| **Plan net pension liability** | **$ 104,571** | **110,226** | **97,744** | **84,313** | **76,004** |
| **Plan fiduciary net position as a percentage of the total pension liability** | **71.2%** | **68.4%** | **69.0%** | **72.2%** | **74.0%** |
| **Covered payroll** | **$ 22,764** | **23,263** | **22,493** | **22,547** | **23,051** |
| **Plan net pension liability as a percentage of covered payroll** | **459.4%** | **473.8%** | **434.6%** | **373.9%** | **329.7%** |

**Note to schedule:**

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes, which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in assumptions - During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50 percent to 7.65 percent. There is no change in discount rate 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.

* Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only five years of information is shown.

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**CITY OF MOUNTAIN VIEW**
**Required Supplementary Information (Unaudited)**
**Schedule of Employer Pension Contributions - Miscellaneous and Safety Plans**
**(Dollar in Thousands)**

**Miscellaneous Plan**

| | Fiscal Year Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Actuarially determined contributions (ADC) | $ 12,772 | 11,289 | 9,925 | 8,806 | 8,073 | 7,796 |
| Contributions in relation to the ADC | (17,517) | (17,917) | (12,413) | (11,318) | (8,673) | (7,796) |
| Contribution deficiency (excess) | **$ (4,745)** | **(6,628)** | **(2,488)** | **(2,512)** | **(600)** | - |
| Covered payroll | $ 41,411 | 40,657 | 39,034 | 38,450 | 36,233 | 34,163 |
| Contributions as a percentage of covered payroll | 42.3% | 44.1% | 31.8% | 29.4% | 23.9% | 22.8% |

**Safety Plan**

| | Fiscal Year Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Actuarially determined contributions | $ 11,125 | 9,112 | 8,915 | 8,229 | 7,739 | 7,244 |
| Contributions in relation to the ADC | (15,233) | (14,872) | (10,572) | (9,904) | (8,139) | (7,244) |
| Contribution deficiency (excess) | **$ (4,108)** | **(5,760)** | **(1,657)** | **(1,675)** | **(400)** | - |
| Covered payroll | $ 24,680 | 22,764 | 23,263 | 22,493 | 22,547 | 23,051 |
| Contributions as a percentage of covered payroll | 61.7% | 65.3% | 45.4% | 44.0% | 36.1% | 31.4% |

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2019 were as follows:

| | |
|---|---|
| ADC for fiscal year | June 30, 2019 |
| Actuarial valuation date | June 30, 2016 |
| Actuarial cost method | Entry-Age Normal Cost Method |
| Asset valuation method | Actuarial value of assets |
| Inflation | 2.75% |
| Salary increases | Varies by entry age and services |
| Payroll growth | 3.00% |
| Investment rate of return | 7.375%, net of pension plan investment and administrative expenses, includes inflation. |
| Retirement age | The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. |
| Mortality | The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 5 years of projected mortality improvement using Scale BB published by the Society of Actuaries. |

*

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only six years of information is shown.

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**CITY OF MOUNTAIN VIEW**
**Required Supplementary Information (Unaudited)**
**Schedule of Changes in Net OPEB Liability and Related Ratios**
**(Dollar in Thousands)**

| | Fiscal Year Ended June 30, | |
|---|---|---|
| | **2019** | **2018** |
| **Measurement period** | 2018 | 2017 |
| **Total OPEB liability** | | |
| Service cost | $ 3,231 | 3,054 |
| Interest on the total OPEB liability | 9,392 | 8,820 |
| Changes of assumptions | - | 15,660 |
| Differences between expected and actual experience | - | (9,020) |
| Benefit payments, including refunds of employee contributions | (5,459) | (5,044) |
| Net change in total OPEB liability | 7,164 | 13,470 |
| Total pension OPEB, beginning | 143,997 | 130,527 |
| **Total OPEB liability, ending** | **$ 151,161** | **143,997** |
| **Plan fiduciary net position** | | |
| Contributions, employer | $ 13,233 | 12,424 |
| Investment income | 6,858 | 7,065 |
| Benefit payments, including refunds of employee contributions | (5,459) | (5,044) |
| Administrative expenses | (206) | (51) |
| Net change in plan fiduciary net position | 14,426 | 14,394 |
| Plan fiduciary net position, beginning | 110,768 | 96,374 |
| **Plan fiduciary net position, ending** | **$ 125,194** | **110,768** |
| **Plan net OPEB liability** | **$ 25,967** | **33,229** |
| **Plan fiduciary net position as a percentage of the total OPEB liability** | **82.8%** | **76.9%** |
| **Covered payroll** | **$ 46,799** | **44,181** |
| **Plan net OPEB liability as a percentage of covered payroll** | **55.5%** | **75.2%** |

* Fiscal year ended June 30, 2019 was the first year of implementation of GASB Statement No. 75, therefore only two years of information is shown.



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**CITY OF MOUNTAIN VIEW**
**Required Supplementary Information (Unaudited)**
**Schedule of Employer OPEB Contributions**
**(Dollar in Thousands)**

| | Fiscal Year Ended June 30, | | |
|---|---|---|---|
| | **2019** | **2018** | **2017** |
| Actuarially determined contributions (ADC) | $ 5,334 | 5,639 | 5,577 |
| Contributions in relation to the ADC | (8,014) | (13,233) | (12,424) |
| Contribution deficiency (excess) | **$ (2,680)** | **(7,594)** | **(6,847)** |
| Covered payroll | $ 49,135 | 46,799 | 44,181 |
| Contributions as a percentage of covered payroll | 16.3% | 28.3% | 28.1% |

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2019 were as follows:

| | |
|---|---|
| ADC for fiscal year | June 30, 2019 |
| Actuarial valuation date | July 1, 2017 |
| Actuarial cost method | Entry-Age Normal Cost Method |
| Asset valuation method | Actuarial value of assets |
| Inflation | 2.75% |
| Payroll growth | 3.00% |
| Salary increases | 3.25% |
| Investment rate of return | 6.50% |
| Post Retirement Benefit Increase | For medical plan premiums: 8.00% for the year beginning January 1, 2018 and graded down by 0.50% per year until 5.00% ultimate rate is reached by 2024.<br>For vision premiums: 3.00% |
| Mortality | Derived using CalPERS Membership Data for all Funds. Demographic actuarial assumptions used are based on CalPERS 2014 experience study report using data from 1997 to 2011, except for the MacLeod Watts Scale 2017 applied generationally as the basis to project future morality improvements. The representative mortality rates were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008. |

* Fiscal year ended June 30, 2019 was the first year of implementation of GASB Statement No. 75, therefore only three years of information is shown.



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**CITY OF MOUNTAIN VIEW**
**Park Land Dedication Capital Projects Fund**
**Schedule of Revenues, Expenditures, and**
**Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Use of money and property | $ 1,635 | 1,635 | 2,364 | 729 |
| Developer fees and contributions | - | - | 9,583 | 9,583 |
| Total revenues | 1,635 | 1,635 | 11,947 | 10,312 |
| **Expenditures:** | | | | |
| Capital outlay | - | 40,000 | - | 40,000 |
| Total expenditures | - | 40,000 | - | 40,000 |
| Excess of revenues over expenditures | 1,635 | (38,365) | 11,947 | 50,312 |
| **Other financing sources (uses):** | | | | |
| Transfers in | - | - | 1,044 | 1,044 |
| Transfers out | (1,861) | (2,331) | (2,331) | - |
| Total other financing sources (uses) | (1,861) | (2,331) | (1,287) | 1,044 |
| Net change in fund balance | $ (226) | (40,696) | 10,660 | 51,356 |
| **Fund balance, beginning of year** | | | 51,378 | |
| **Fund balance, end of year** | | | $ 62,038 | |



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## SPECIAL REVENUE FUNDS

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

The **Other Streets and Transportation Fund (Formerly Vehicle Registration Fees Fund)** accounts for fees that voters approved to collect from vehicle registrations accounts for voters approved vehicle registrations fees and sales taxes used to fund local road improvements and repairs, and enhance transit, highways, expressways and active transportation.

The **Construction and Conveyance Tax Fund** accounts for revenues from taxes on real property transferred in the City. These revenues are used for acquisition, improvement, maintenance, expansion or implementation of the Capital Improvements Program.

The **Other Developer Fees Fund** accounts for revenues to be used to encourage development and rejuvenation of areas served by transit facilities.

The **CSFRA / Rental Housing Committee Fund** accounts for the activities related to stabilize rents and provide just cause eviction protections for certain rental units in the City.

The **Housing Successor Fund** accounts for the activities related to the housing assets assumed by the City as Housing Successor to the former Revitalization Authority. The activities are governed by California redevelopment law and must be used to provide housing for people with low and moderate incomes.

The **Shoreline Golf Links Fund** accounts for revenues from user fees at Shoreline Golf Links and related golf course operations and improvements.

The **Downtown Benefit Assessment District Fund** accounts for revenue received for offstreet parking, fees paid in-lieu of providing parking in the District and for annual ad valorem rate and direct assessments levied against the property owners within the District.

The **General Special Purpose Fund** accounts for fees paid for replacement trees and the CASp training program.

The **Police Asset Forfeitures Fund** accounts for funds derived from criminal assets seized by police, primarily from illegal narcotics sales activity.

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The **Grants Fund** accounts for grants received, including Community Development Block Grants, Home Investment Partnership Act Grants, the Local Law Enforcement Block Grant Program, the Supplemental Law Enforcement Services Grants and Traffic Safety grants.

The **Cable Television Fund** accounts for Public, Education and Government (PEG) fees collected by the cable providers and restricted for PEG channel support. The City passes a portion of these funds through to a third party to provide public, governmental and educational access television services.

The **Deferred Assessments Fund** accounts for a program which allows certain property owners to defer up to 100 percent of any special assessment levied on their property. The assessment becomes due upon certain specified occurrences.

## DEBT SERVICE FUNDS

The **Special Assessments Fund** accounts for resources financed by special assessments levied against property receiving special benefits, contributions from other funds for general benefits and certain reserve requirements.

The **Shoreline Regional Park Community 2011 Revenue Bonds Fund** accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2011 Revenue Bonds as they become due.

The **Shoreline Regional Park Community 2014 Bank Loan Fund** accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2014 Bank Loan as they become due.

The **Shoreline Regional Park Community 2018 Revenue Bonds Fund** accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2018 Revenue Bonds Series A and Series B as they become due.

## CAPITAL PROJECTS FUND

The **Storm Drain Construction Fund** accounts for revenues derived from off-site drainage fees used for storm drain projects in the Capital Improvements Program.

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**CITY OF MOUNTAIN VIEW**
**Nonmajor Governmental Funds**
**Combining Balance Sheet**
**June 30, 2019**
**(Dollars in Thousands)**

| | SPECIAL REVENUE FUNDS | | | |
|---|---|---|---|---|
| | **Gas Tax** | **Other Streets and Transportation** | **Construction & Conveyance Tax** | **Other Developer Fees** |
| **Assets:** | | | | |
| Cash and investments | $ 1,636 | 969 | 12,542 | 9,273 |
| Restricted cash and investments | - | - | - | - |
| Receivables: | | | | |
| Accounts | 260 | 353 | - | - |
| Special assessments | - | - | - | - |
| Interest | 16 | 9 | 167 | 93 |
| Loans | - | - | - | - |
| Inventory | - | - | - | - |
| Total assets | $ 1,912 | 1,331 | 12,709 | 9,366 |
| **Liabilities, deferred inflows of resources and fund balances:** | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ - | - | - | - |
| Refundable deposits | - | - | - | - |
| Unearned revenue | - | - | - | - |
| Total liabilities | - | - | - | - |
| Deferred inflows of resources: | | | | |
| Unavailable revenues - special assessment | - | - | - | - |
| Fund balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 1,912 | 1,331 | 12,709 | 1,296 |
| Committed | - | - | - | 8,070 |
| Unassigned | - | - | - | - |
| Total fund balances | 1,912 | 1,331 | 12,709 | 9,366 |
| Total liabilities, deferred inflows of resources and fund balances | $ 1,912 | 1,331 | 12,709 | 9,366 |

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**SPECIAL REVENUE FUNDS**

| CSFRA / Rental Housing Committee | Housing Successor | Shoreline Golf Links | Downtown Benefit Assessment District | General Special Purpose |
|---|---|---|---|---|
| 1,081 | 1,776 | 300 | 15,784 | 278 |
| - | - | 5 | - | - |
| 151 | - | 33 | - | - |
| - | - | - | - | - |
| 6 | - | - | 81 | 1 |
| - | 11,430 | - | - | - |
| - | - | 72 | - | - |
| 1,238 | 13,206 | 410 | 15,865 | 279 |
| 72 | - | 134 | 36 | - |
| - | - | 3 | 3 | 174 |
| - | - | 329 | - | - |
| 72 | - | 466 | 39 | 174 |
| - | - | - | - | - |
| - | - | 72 | - | - |
| 1,166 | 13,206 | - | 15,826 | - |
| - | - | - | - | 105 |
| - | - | (128) | - | - |
| 1,166 | 13,206 | (56) | 15,826 | 105 |
| 1,238 | 13,206 | 410 | 15,865 | 279 |

(Continued)



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**CITY OF MOUNTAIN VIEW**
**Nonmajor Governmental Funds**
**Combining Balance Sheet**
**June 30, 2019**
**(Dollars in Thousands)**

| | SPECIAL REVENUE FUNDS | | | |
|---|---|---|---|---|
| | **Police Asset Forfeitures** | **Grants** | **Cable Television** | **Deferred Assessments** |
| **Assets:** | | | | |
| Cash and investments | $ 171 | 231 | 828 | 390 |
| Restricted cash and investments | - | - | - | - |
| Receivables: | | | | |
| Accounts | - | 34 | - | - |
| Special assessments | - | - | - | - |
| Interest | - | - | - | - |
| Loans | - | 19,566 | - | - |
| Inventory | - | - | - | - |
| Total assets | $ 171 | 19,831 | 828 | 390 |
| **Liabilities, deferred inflows of resources and fund balances:** | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ - | 91 | - | - |
| Refundable deposits | - | - | - | - |
| Unearned revenue | - | - | - | - |
| Total liabilities | - | 91 | - | - |
| Deferred inflows of resources: | | | | |
| Unavailable revenues - special assessment | - | - | - | - |
| Fund balances: | | | | |
| Nonspendable | - | - | - | - |
| Restricted | 171 | 19,740 | 828 | 390 |
| Committed | - | - | - | - |
| Unassigned | - | - | - | - |
| Total fund balances | 171 | 19,740 | 828 | 390 |
| Total liabilities, deferred inflows of resources and fund balances | $ 171 | 19,831 | 828 | 390 |

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| DEBT SERVICE FUNDS | | | | CAPITAL PROJECTS FUND | |
|---|---|---|---|---|---|
| Shoreline Regional Park Community 2011 Revenue Bonds | Shoreline Regional Park Community 2014 Bank Loan | Shoreline Regional Park Community 2018 Revenue Bonds | Special Assessments | Storm Drain Construction | Total Nonmajor Governmental Funds |
| - | - | - | 92 | 128 | 45,479 |
| 6,572 | - | 11 | - | - | 6,588 |
| | | | | | |
| - | - | - | - | - | 831 |
| - | - | - | 14 | - | 14 |
| - | - | - | - | 4 | 377 |
| - | - | - | - | - | 30,996 |
| - | - | - | - | - | 72 |
| 6,572 | - | 11 | 106 | 132 | 84,357 |
| | | | | | |
| - | - | - | - | - | 333 |
| - | - | - | - | - | 180 |
| - | - | - | - | - | 329 |
| - | - | - | - | - | 842 |
| | | | | | |
| - | - | - | 12 | - | 12 |
| | | | | | |
| - | - | - | - | - | 72 |
| 6,572 | - | 11 | 94 | 132 | 75,384 |
| - | - | - | - | - | 8,175 |
| - | - | - | - | - | (128) |
| 6,572 | - | 11 | 94 | 132 | 83,503 |
| | | | | | |
| 6,572 | - | 11 | 106 | 132 | 84,357 |



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**CITY OF MOUNTAIN VIEW**
**Nonmajor Governmental Funds**
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | SPECIAL REVENUE FUNDS | | | |
|---|---|---|---|---|
| | **Gas Tax** | **Other Streets and Transportation** | **Construction & Conveyance Tax** | **Other Developer Fees** |
| **Revenues:** | | | | |
| Property taxes | $ - | - | - | - |
| Other taxes | - | - | 10,414 | - |
| Licenses, permits and fees | - | - | - | - |
| Use of money and property | 27 | 33 | 439 | 397 |
| Intergovernmental | 3,192 | 856 | - | - |
| Charges for services | - | - | - | - |
| Developer fees and contributions | - | - | - | 28 |
| Other | - | - | - | - |
| Total revenues | 3,219 | 889 | 10,853 | 425 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | - | - | - | - |
| Public safety | - | - | - | - |
| Community development | - | - | - | 208 |
| Culture and recreation | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | - | - | - | 208 |
| Excess (deficiency) of revenues over (under) expenditures | 3,219 | 889 | 10,853 | 217 |
| **Other financing sources (uses):** | | | | |
| Transfers in | 88 | 99 | 1,268 | 183 |
| Transfers out | (2,815) | (402) | (11,543) | (2,700) |
| Total other financing sources (uses) | (2,727) | (303) | (10,275) | (2,517) |
| Net change in fund balances | 492 | 586 | 578 | (2,300) |
| **Fund balances, beginning of year** | 1,420 | 745 | 12,131 | 11,666 |
| **Fund balances, end of year** | $ 1,912 | 1,331 | 12,709 | 9,366 |

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| SPECIAL REVENUE FUNDS | | | | |
|---|---|---|---|---|
| CSFRA / Rental Housing Committee | Housing Successor | Shoreline Golf Links | Downtown Benefit Assessment District | General Special Purpose |
| - | - | - | 1,017 | - |
| - | - | - | - | 25 |
| - | - | - | 735 | - |
| 33 | 32 | 2 | 611 | 9 |
| - | - | - | 3 | - |
| 1,869 | - | 2,650 | 220 | 16 |
| - | - | - | - | - |
| - | - | 6 | 1 | - |
| 1,902 | 32 | 2,658 | 2,587 | 50 |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| 1,468 | 38 | - | 616 | 4 |
| - | - | 2,707 | - | - |
| 18 | - | - | - | - |
| | | | | |
| - | - | - | - | - |
| - | - | - | - | - |
| 1,486 | 38 | 2,707 | 616 | 4 |
| 416 | (6) | (49) | 1,971 | 46 |
| | | | | |
| - | - | 200 | 51 | - |
| (10) | - | (212) | (109) | - |
| (10) | - | (12) | (58) | - |
| 406 | (6) | (61) | 1,913 | 46 |
| 760 | 13,212 | 5 | 13,913 | 59 |
| 1,166 | 13,206 | (56) | 15,826 | 105 |

(Continued)



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**CITY OF MOUNTAIN VIEW**
**Nonmajor Governmental Funds**
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | SPECIAL REVENUE FUNDS | | | |
|---|---|---|---|---|
| | **Police Asset Forfeitures** | **Grants** | **Cable Television** | **Deferred Assessments** |
| **Revenues:** | | | | |
| Property taxes | $ - | - | - | - |
| Other taxes | - | - | - | - |
| Licenses, permits and fees | - | - | - | - |
| Use of money and property | 2 | 158 | - | 33 |
| Intergovernmental | 51 | 1,173 | - | - |
| Charges for services | - | - | - | - |
| Developer fees and contributions | - | - | - | - |
| Other | - | - | 215 | 5 |
| Total revenues | 53 | 1,331 | 215 | 38 |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | - | - | 160 | - |
| Public safety | - | 214 | - | - |
| Community development | - | 260 | - | - |
| Culture and recreation | - | - | - | - |
| Capital outlay | - | - | - | - |
| Debt service: | | | | |
| Principal | - | - | - | - |
| Interest and fiscal charges | - | - | - | - |
| Total expenditures | - | 474 | 160 | - |
| Excess (deficiency) of revenues over (under) expenditures | 53 | 857 | 55 | 38 |
| **Other financing sources (uses):** | | | | |
| Transfers in | - | - | - | - |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - |
| Net change in fund balances | 53 | 857 | 55 | 38 |
| **Fund balances, beginning of year** | 118 | 18,883 | 773 | 352 |
| **Fund balances, end of year** | $ 171 | 19,740 | 828 | 390 |

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| DEBT SERVICE FUNDS | | | | CAPITAL PROJECTS FUND | |
|---|---|---|---|---|---|
| Shoreline Regional Park Community 2011 Revenue Bonds | Shoreline Regional Park Community 2014 Bank Loan | Shoreline Regional Park Community 2018 Revenue Bonds | Special Assessments | Storm Drain Construction | Total Nonmajor Governmental Funds |
| - | - | - | - | - | 1,017 |
| - | - | - | - | - | 10,439 |
| - | - | - | - | - | 735 |
| 108 | - | - | 4 | 5 | 1,893 |
| - | - | - | - | - | 5,275 |
| - | - | - | 36 | - | 4,791 |
| - | - | - | - | - | 28 |
| - | - | - | - | 53 | 280 |
| 108 | - | - | 40 | 58 | 24,458 |
| | | | | | |
| - | - | - | - | - | 160 |
| - | - | - | - | - | 214 |
| - | - | - | - | - | 2,594 |
| - | - | - | - | - | 2,707 |
| - | - | - | - | - | 18 |
| | | | | | |
| 1,800 | 1,607 | - | 46 | - | 3,453 |
| 1,545 | 13 | 359 | 5 | - | 1,922 |
| 3,345 | 1,620 | 359 | 51 | - | 11,068 |
| (3,237) | (1,620) | (359) | (11) | 58 | 13,390 |
| 6,926 | 1,620 | 370 | - | 18 | 10,823 |
| - | - | - | - | (406) | (18,197) |
| 6,926 | 1,620 | 370 | - | (388) | (7,374) |
| 3,689 | - | 11 | (11) | (330) | 6,016 |
| 2,883 | - | - | 105 | 462 | 77,487 |
| 6,572 | - | 11 | 94 | 132 | 83,503 |



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**CITY OF MOUNTAIN VIEW**
**Nonmajor Governmental Funds**
**Combining Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Gas Tax | | | Other Streets and Transportation | | |
|---|---|---|---|---|---|---|
| | **Final Budget** | **Actual** | **Variance** | **Final Budget** | **Actual** | **Variance** |
| **Revenues:** | | | | | | |
| Property taxes | $ - | - | - | - | - | - |
| Other taxes | - | - | - | - | - | - |
| Licenses, permits and fees | - | - | - | - | - | - |
| Use of money and property | 46 | 27 | (19) | 34 | 33 | (1) |
| Intergovernmental | 3,334 | 3,192 | (142) | 450 | 856 | 406 |
| Charges for services | - | - | - | - | - | - |
| Developer fees and contributions | - | - | - | - | - | - |
| Other | - | - | - | - | - | - |
| Total revenues | 3,380 | 3,219 | (161) | 484 | 889 | 405 |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| General government: | | | | | | |
| City manager | - | - | - | - | - | - |
| Public safety: | | | | | | |
| Police | - | - | - | - | - | - |
| Community Development | - | - | - | - | - | - |
| Culture and recreation: | | | | | | |
| Community services | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | - | - | - | - | - | - |
| Excess (deficiency) of revenues over (under) expenditures | 3,380 | 3,219 | (161) | 484 | 889 | 405 |
| **Other financing sources (uses):** | | | | | | |
| Transfers in | - | 88 | 88 | - | 99 | 99 |
| Transfers out | (2,815) | (2,815) | - | (402) | (402) | - |
| Total other financing sources (uses | (2,815) | (2,727) | 88 | (402) | (303) | 99 |
| Net change in fund balances | $ 565 | 492 | (73) | 82 | 586 | 504 |
| **Fund balances, beginning of year** | | 1,420 | | | 745 | |
| **Fund balances, end of year** | | $ 1,912 | | | 1,331 | |



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| Construction & Conveyance Tax | | | Other Developer Fees | | | CSFRA / Rental Housing Committee | | |
|---|---|---|---|---|---|---|---|---|
| Final Budget | Actual | Variance | Final Budget | Actual | Variance | Final Budget | Actual | Variance |
| - | - | - | - | - | - | - | - | - |
| 4,004 | 10,414 | 6,410 | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 378 | 439 | 61 | 410 | 397 | (13) | 2 | 33 | 31 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 1,897 | 1,869 | (28) |
| - | - | - | - | 28 | 28 | - | - | - |
| - | - | - | - | - | - | - | - | - |
| 4,382 | 10,853 | 6,471 | 410 | 425 | 15 | 1,899 | 1,902 | 3 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |
| - | - | - | 338 | 208 | 130 | 2,217 | 1,468 | 749 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | 175 | 18 | 157 |
| - | - | - | 338 | 208 | 130 | 2,392 | 1,486 | 906 |
| 4,382 | 10,853 | 6,471 | 72 | 217 | 145 | (493) | 416 | 909 |
| - | 1,268 | 1,268 | - | 183 | 183 | - | - | - |
| (11,543) | (11,543) | - | (2,700) | (2,700) | - | (10) | (10) | - |
| (11,543) | (10,275) | 1,268 | (2,700) | (2,517) | 183 | (10) | (10) | - |
| (7,161) | 578 | 7,739 | (2,628) | (2,300) | 328 | (503) | 406 | 909 |
| | 12,131 | | | 11,666 | | | 760 | |
| | 12,709 | | | 9,366 | | | 1,166 | |

(Continued)

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**CITY OF MOUNTAIN VIEW**
**Nonmajor Governmental Funds**
**Combining Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Housing Successor | | | Shoreline Golf Links | | |
|---|---|---|---|---|---|---|
| | Final Budget | Actual | Variance | Final Budget | Actual | Variance |
| **Revenues:** | | | | | | |
| Property taxes | $ - | - | - | - | - | - |
| Other taxes | - | - | - | - | - | - |
| Licenses, permits and fees | - | - | - | - | - | - |
| Use of money and property | - | 32 | 32 | 6 | 2 | (4) |
| Intergovernmental | - | - | - | - | - | - |
| Charges for services | - | - | - | 3,332 | 2,650 | (682) |
| Developer fees and contributions | - | - | - | - | - | - |
| Other | - | - | - | 20 | 6 | (14) |
| Total revenues | - | 32 | 32 | 3,358 | 2,658 | (700) |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| General government: | | | | | | |
| City manager | - | - | - | - | - | - |
| Public safety: | | | | | | |
| Police | - | - | - | - | - | - |
| Community Development | 218 | 38 | 180 | - | - | - |
| Culture and recreation: | | | | | | |
| Community services | - | - | - | 3,039 | 2,707 | 332 |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 218 | 38 | 180 | 3,039 | 2,707 | 332 |
| Excess (deficiency) of revenues over (under) expenditures | (218) | (6) | 212 | 319 | (49) | (368) |
| **Other financing sources (uses):** | | | | | | |
| Transfers in | - | - | - | 200 | 200 | - |
| Transfers out | - | - | - | (322) | (212) | 110 |
| Total other financing sources (uses | - | - | - | (122) | (12) | 110 |
| Net change in fund balances | $ (218) | (6) | 212 | 197 | (61) | (258) |
| **Fund balance, beginning of year** | | 13,212 | | | 5 | |
| **Fund balance, end of year** | | $ 13,206 | | | (56) | |



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| | Downtown Benefit Assessment District | | | General Special Purpose | | | Police Asset Forfeitures | | |
|---|---|---|---|---|---|---|---|---|---|
| | Final Budget | Actual | Variance | Final Budget | Actual | Variance | Final Budget | Actual | Variance |
| | 998 | 1,017 | 19 | - | - | - | - | - | - |
| | - | - | - | - | 25 | 25 | - | - | - |
| | 550 | 735 | 185 | - | - | - | - | - | - |
| | 242 | 611 | 369 | 2 | 9 | 7 | - | 2 | 2 |
| | 4 | 3 | (1) | - | - | - | 51 | 51 | - |
| | 223 | 220 | (3) | 50 | 16 | (34) | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| | - | 1 | 1 | - | - | - | - | - | - |
| | 2,017 | 2,587 | 570 | 52 | 50 | (2) | 51 | 53 | 2 |
| | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | 169 | - | 169 |
| | 1,075 | 616 | 459 | 85 | 4 | 81 | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| | - | - | - | - | - | - | - | - | - |
| | 1,075 | 616 | 459 | 85 | 4 | 81 | 169 | - | 169 |
| | 942 | 1,971 | 1,029 | (33) | 46 | 79 | (118) | 53 | 171 |
| | - | 51 | 51 | - | - | - | - | - | - |
| | (109) | (109) | - | - | - | - | - | - | - |
| | (109) | (58) | 51 | - | - | - | - | - | - |
| | 833 | 1,913 | 1,080 | (33) | 46 | 79 | (118) | 53 | 171 |
| | | 13,913 | | | 59 | | | 118 | |
| | | 15,826 | | | 105 | | | 171 | |

(Continued)



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**CITY OF MOUNTAIN VIEW**
**Nonmajor Governmental Funds**
**Combining Schedule of Revenues, Expenditures, and**
**Changes in Fund Balances - Budget and Actual**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Grants | | | Cable Television | | |
|---|---|---|---|---|---|---|
| | Final Budget | Actual | Variance | Final Budget | Actual | Variance |
| **Revenues:** | | | | | | |
| Property taxes | $ - | - | - | - | - | - |
| Other taxes | - | - | - | - | - | - |
| Licenses, permits and fees | - | - | - | - | - | - |
| Use of money and property | - | 158 | 158 | - | - | - |
| Intergovernmental | 1,001 | 1,173 | 172 | - | - | - |
| Charges for services | - | - | - | - | - | - |
| Developer fees and contributions | - | - | - | - | - | - |
| Other | - | - | - | 241 | 215 | (26) |
| Total revenues | 1,001 | 1,331 | 330 | 241 | 215 | (26) |
| **Expenditures:** | | | | | | |
| Current: | | | | | | |
| General government: | | | | | | |
| City manager | - | - | - | 225 | 160 | 65 |
| Public safety: | | | | | | |
| Police | 258 | 214 | 44 | - | - | - |
| Community Development | 2,278 | 260 | 2,018 | - | - | - |
| Culture and recreation: | | | | | | |
| Community services | - | - | - | - | - | - |
| Capital outlay | - | - | - | - | - | - |
| Total expenditures | 2,536 | 474 | 2,062 | 225 | 160 | 65 |
| Excess (deficiency) of revenues over (under) expenditures | (1,535) | 857 | 2,392 | 16 | 55 | 39 |
| **Other financing sources (uses):** | | | | | | |
| Transfers in | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - |
| Total other financing sources (uses | - | - | - | - | - | - |
| Net change in fund balances | $ (1,535) | 857 | 2,392 | 16 | 55 | 39 |
| **Fund balances, beginning of year** | | 18,883 | | | 773 | |
| **Fund balances, end of year** | | $ 19,740 | | | 828 | |



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| Storm Drain Construction | | |
|---|---|---|
| Final Budget | Actual | Variance |
| - | - | - |
| - | - | - |
| - | - | - |
| 25 | 5 | (20) |
| - | - | - |
| - | - | - |
| - | - | - |
| 10 | 53 | 43 |
| 35 | 58 | 23 |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| - | - | - |
| 35 | 58 | 23 |
| - | 18 | 18 |
| (406) | (406) | - |
| (406) | (388) | 18 |
| (371) | (330) | 41 |
| | 462 | |
| | 132 | |

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**CITY OF MOUNTAIN VIEW**
**Internal Service Funds**
**For the Fiscal Year Ended June 30, 2019**

The **Equipment Maintenance and Replacement Fund** accounts for equipment maintenance services provided to other funds and the replacement of certain equipment.

The **Workers' Compensation Insurance Fund** accounts for the City's self-insurance program for workers' compensation benefits and for the administration of safety and loss prevention programs.

The **Unemployment Self-Insurance Fund** accounts for State and Federal-mandated unemployment insurance benefits for employees.

The **Liability Self-Insurance Fund** accounts for the City's general liability self-insurance and property insurance programs.

The **Retirees' Health Plan Fund** accounts for the health plan contributions for retirees of the City and the funds set aside for future retirees' benefits.

The **Employee Benefits Plan Fund** accounts for the City's self-insurance vision and other benefits for City employees.

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**CITY OF MOUNTAIN VIEW**
**Internal Service Funds**
**Combining Statement of Net Position**
**June 30, 2019**
**(Dollars in Thousands)**

| | Equipment Maintenance & Replacement | Workers' Compensation Insurance | Unemployment Self-Insurance |
|---|---|---|---|
| **Assets:** | | | |
| Current assets: | | | |
| Cash and investments | $ 30,680 | 12,562 | 602 |
| Restricted cash and investments | - | 99 | - |
| Receivables: | | | |
| Accounts | 4 | - | - |
| Interest | 162 | 65 | 3 |
| Deposits and prepaid items | - | - | - |
| Total current assets | 30,846 | 12,726 | 605 |
| Noncurrent assets: | | | |
| Capital assets: | | | |
| Depreciable, net of accumulated depreciation | 11 | - | - |
| Total assets | 30,857 | 12,726 | 605 |
| **Liabilities:** | | | |
| Current liabilities: | | | |
| Accounts payable | 102 | - | - |
| Current portion of accrued compensated absences | 24 | - | - |
| Current portion of accrued self-insurance costs | - | 2,023 | - |
| Total current liabilities | 126 | 2,023 | - |
| Noncurrent liabilities: | | | |
| Noncurrent portion of accrued compensated absences | 132 | - | - |
| Noncurrent portion of accrued self-insurance costs | - | 5,818 | - |
| Total liabilities | 258 | 7,841 | - |
| **Net position:** | | | |
| Net investment in capital assets | 11 | - | - |
| Unrestricted | 30,588 | 4,885 | 605 |
| Total net position | $ 30,599 | 4,885 | 605 |



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| | Liability Self-Insurance | Retirees' Health Plan | Employee Benefits Plan | Total Internal Service Funds |
|---|---|---|---|---|
| | 3,971 | 431 | 405 | 48,651 |
| | 1,038 | - | - | 1,137 |
| | - | - | - | 4 |
| | 21 | 11 | 2 | 264 |
| | 45 | - | - | 45 |
| | 5,075 | 442 | 407 | 50,101 |
| | - | - | - | 11 |
| | 5,075 | 442 | 407 | 50,112 |
| | 22 | 1 | 1 | 126 |
| | - | - | - | 24 |
| | 559 | - | - | 2,582 |
| | 581 | 1 | 1 | 2,732 |
| | - | - | - | 132 |
| | 3,081 | - | - | 8,899 |
| | 3,662 | 1 | 1 | 11,763 |
| | - | - | - | 11 |
| | 1,413 | 441 | 406 | 38,338 |
| | 1,413 | 441 | 406 | 38,349 |



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**CITY OF MOUNTAIN VIEW**
**Internal Service Funds**
**Combining Statement of Revenues, Expenses, and Changes in Net Position**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Equipment Maintenance & Replacement | Workers' Compensation Insurance | Unemployment Self-Insurance |
|---|---|---|---|
| **Operating revenues:** | | | |
| Charges for services | $ 2,475 | 2,120 | 44 |
| Other | 134 | 22 | - |
| Total operating revenues | 2,609 | 2,142 | 44 |
| **Operating expenses:** | | | |
| Salaries and related expenses | 1,384 | - | - |
| Insurance claims and premiums | - | 1,612 | 24 |
| General and administrative | 2,701 | 146 | - |
| Depreciation | 4 | - | - |
| Total operating expenses | 4,089 | 1,758 | 24 |
| Operating income (loss) | (1,480) | 384 | 20 |
| **Nonoperating revenues (expenses):** | | | |
| Investment income | 1,216 | 495 | 24 |
| Income (loss) before transfers | (264) | 879 | 44 |
| Transfers in | 3,867 | - | - |
| Transfers out | (642) | - | - |
| Change in net position | 2,961 | 879 | 44 |
| **Net position, beginning of year** | 27,638 | 4,006 | 561 |
| **Net position, end of year** | $ 30,599 | 4,885 | 605 |



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| Liability Self-Insurance | Retirees' Health Plan | Employee Benefits Plan | Total Internal Service Funds |
|---|---|---|---|
| 1,368 | 6,754 | 72 | 12,833 |
| 70 | 33 | - | 259 |
| 1,438 | 6,787 | 72 | 13,092 |
| | | | |
| - | 6,773 | 48 | 8,205 |
| 2,362 | - | - | 3,998 |
| 698 | 8 | 12 | 3,565 |
| - | - | - | 4 |
| 3,060 | 6,781 | 60 | 15,772 |
| (1,622) | 6 | 12 | (2,680) |
| | | | |
| 161 | 48 | 17 | 1,961 |
| (1,461) | 54 | 29 | (719) |
| - | - | - | 3,867 |
| - | - | - | (642) |
| (1,461) | 54 | 29 | 2,506 |
| 2,874 | 387 | 377 | 35,843 |
| 1,413 | 441 | 406 | 38,349 |

**CITY OF MOUNTAIN VIEW**
**Internal Service Funds**
**Combining Statement of Cash Flows**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Equipment Maintenance & Replacement | Workers' Compensation Insurance | Unemployment Self-Insurance |
|---|---|---|---|
| **Cash flows from operating activities:** | | | |
| Cash receipts from customers | $ 2,605 | 2,142 | 44 |
| Cash paid to suppliers for goods and services | (3,133) | (561) | (24) |
| Cash paid to employees for services | (1,411) | - | - |
| Claims paid | - | (1,004) | - |
| Net cash provided by (used in) operating activities | (1,939) | 577 | 20 |
| **Cash flows from noncapital financing activities:** | | | |
| Transfers in | 3,867 | - | - |
| Transfers out | (642) | - | - |
| Net cash provided by noncapital financing activities | 3,225 | - | - |
| **Cash flows from investing activities:** | | | |
| Interest received | 1,182 | 482 | 23 |
| Net cash provided by investing activities | 1,182 | 482 | 23 |
| Net increase (decrease) in cash and cash equivalents | 2,468 | 1,059 | 43 |
| **Cash and cash equivalents, beginning of year** | 28,212 | 11,602 | 559 |
| **Cash and cash equivalents, end of year** | $ 30,680 | 12,661 | 602 |
| **Reconciliation of cash and cash equivalents:** | | | |
| Cash and investments | $ 30,680 | 12,562 | 602 |
| Restricted cash and investments | - | 99 | - |
| Total cash and cash equivalents | $ 30,680 | 12,661 | 602 |
| **Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:** | | | |
| Operating income (loss) | $ (1,480) | 384 | 20 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities: | | | |
| Depreciation | 4 | - | - |
| Changes in assets and liabilities: | | | |
| Decrease (increase) in deposits and prepaid items | - | - | - |
| Increase (decrease) in accounts payable | (432) | (2) | - |
| Increase (decrease) in accrued compensated absences | (27) | - | - |
| Net cash provided by (used in) operating activities | $ (1,939) | 577 | 20 |



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| Liability Self-Insurance | Retirees' Health Plan | Employee Benefits Plan | Total Internal Service Funds |
|---|---|---|---|
| 1,438 | 6,787 | 72 | 13,088 |
| (1,646) | (9) | (12) | (5,385) |
| - | (6,773) | (48) | (8,232) |
| (36) | - | - | (1,040) |
| (244) | 5 | 12 | (1,569) |
| - | - | - | 3,867 |
| - | - | - | (642) |
| - | - | - | 3,225 |
| 160 | 58 | 17 | 1,922 |
| 160 | 58 | 17 | 1,922 |
| (84) | 63 | 29 | 3,578 |
| 5,093 | 368 | 376 | 46,210 |
| 5,009 | 431 | 405 | 49,788 |
| 3,971 | 431 | 405 | 48,651 |
| 1,038 | - | - | 1,137 |
| 5,009 | 431 | 405 | 49,788 |
| (1,622) | 6 | 12 | (2,680) |
| - | - | - | 4 |
| 195 | - | - | 195 |
| 6 | (1) | - | (429) |
| - | - | - | (27) |
| (244) | 5 | 12 | (1,569) |

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**CITY OF MOUNTAIN VIEW**
**Agency Funds**
**For the Fiscal Year Ended June 30, 2019**

The **Payroll Agency Fund** accounts for payroll-related liabilities.

The **Center for the Performing Arts Agency Fund** accounts for money received by the Center for the Performing Arts.

The **Fire Union Agency Fund** accounts for money received on behalf of the Fire Union used for union activities.

The **Police Union Agency Fund** accounts for money received on behalf of the Police Union used for union activities.

The **Flexible Benefits Plan Agency Fund** accounts for the assets and liabilities of the employer's flexible benefits plan established under Internal Revenue Code Section 125.

The **Education Enhancement JPA Agency Fund** accounts for funds to be used by the joint powers authority to enhance the educational and technology capacity of students in Mountain View schools.

The **Refundable Land Lease Rent Agency Fund** accounts for the refundable rent deposits received from Google LLC per the lease agreement between Google LLC and the City.

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**CITY OF MOUNTAIN VIEW**
**Agency Funds**
**Combining Statement of Changes in Assets and Liabilities**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Balance June 30, 2018 | Additions | Deductions | Balance June 30, 2019 |
|---|---|---|---|---|
| **Payroll** | | | | |
| **Assets:** | | | | |
| Cash and investments | $ 4,448 | 126,099 | (126,248) | 4,299 |
| Accounts receivable | 11 | 758 | (755) | 14 |
| Deposits and prepaid items | 397 | 389 | (388) | 398 |
| Total assets | $ 4,856 | 127,246 | (127,391) | 4,711 |
| **Liabilities:** | | | | |
| Accrued payroll | $ 4,856 | 143,238 | (143,383) | 4,711 |
| **Fire Union** | | | | |
| **Assets:** | | | | |
| Cash and investments | $ 19 | 38 | (44) | 13 |
| **Liabilities:** | | | | |
| Collection payable | $ 19 | 57 | (63) | 13 |
| **Police Union** | | | | |
| **Assets:** | | | | |
| Cash and investments | $ 19 | 27 | (19) | 27 |
| **Liabilities:** | | | | |
| Collection payable | $ 19 | 46 | (38) | 27 |
| **Flexible Benefits Plan** | | | | |
| **Assets:** | | | | |
| Restricted cash and investments | $ 252 | 63 | (212) | 103 |
| **Liabilities:** | | | | |
| Collection payable | $ 252 | 212 | (361) | 103 |

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| | Balance June 30, 2018 | Additions | Deductions | Balance June 30, 2019 |
|---|---|---|---|---|
| **Center For the Performing Arts** | | | | |
| **Assets:** | | | | |
| Restricted cash and investments | $ 198 | 567 | (531) | 234 |
| **Liabilities:** | | | | |
| Collection payable | $ 198 | 531 | (495) | 234 |
| **Education Enhancement JPA** | | | | |
| **Assets:** | | | | |
| Cash and investments | $ - | 6,665 | (6,665) | - |
| **Liabilities:** | | | | |
| Collection payable | $ - | 6,665 | (6,665) | - |
| **Refundable Land Lease Rent** | | | | |
| **Assets:** | | | | |
| Cash and investments | $ 25,919 | 497 | (1,078) | 25,338 |
| **Liabilities:** | | | | |
| Deposits payable | $ 25,919 | - | (581) | 25,338 |
| **Total Agency Funds** | | | | |
| **Assets:** | | | | |
| Cash and investments | $ 30,405 | 133,326 | (134,054) | 29,677 |
| Restricted cash and investments | 450 | 630 | (743) | 337 |
| Accounts receivable | 11 | 758 | (755) | 14 |
| Deposits and prepaid items | 397 | 389 | (388) | 398 |
| Total assets | $ 31,263 | 135,103 | (135,940) | 30,426 |
| **Liabilities:** | | | | |
| Accrued payroll | $ 4,856 | 143,238 | (143,383) | 4,711 |
| Collection payable | 488 | 7,511 | (7,622) | 377 |
| Deposits payable | 25,919 | - | (581) | 25,338 |
| Total liabilities | $ 31,263 | 150,749 | (151,586) | 30,426 |



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**CITY OF MOUNTAIN VIEW**
**Statistical Section**
**For the Fiscal Year Ended June 30, 2019**

This section of the City's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

***Financial Trends***
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

***Revenue Capacity***
These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.

***Debt Capacity***
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.

***Demographic and Economic Information***
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

***Operating Information***
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

***Sources***
Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Net Position by Component**

**Last Ten Fiscal Years**
**(Dollars in Thousands)**

| | Fiscal Year Ended June 30, | | | |
|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** |
| Governmental activities | | | | |
| Net investment in capital assets | $ 464,498 | 464,111 | 440,921 | 433,059 |
| Restricted | 88,252 | 92,781 | 105,365 | 148,253 |
| Unrestricted | 148,139 | 141,891 | 145,497 | 134,551 |
| Total governmental activities net position | $ 700,889 | 698,783 | 691,783 | 715,863 |
| Business-type activities | | | | |
| Net investment in capital assets | $ 76,592 | 74,436 | 79,412 | 83,040 |
| Unrestricted | 38,691 | 47,420 | 45,032 | 41,971 |
| Total business-type activities net position | $ 115,283 | 121,856 | 124,444 | 125,011 |
| Primary government | | | | |
| Net investment in capital assets | $ 541,090 | 538,547 | 520,333 | 516,099 |
| Restricted | 88,252 | 92,781 | 105,365 | 148,253 |
| Unrestricted | 186,830 | 189,311 | 190,529 | 176,522 |
| Total primary government net position | $ 816,172 | 820,639 | 816,227 | 840,874 |

(1) The Unrestricted Net Position since fiscal year ended June 30, 2014 decreased due to the implementation of GASB No. 68.
(2) The Unrestricted Net Position decreased in fiscal year ended June 30, 2018 due to the implementation of GASB No. 75.



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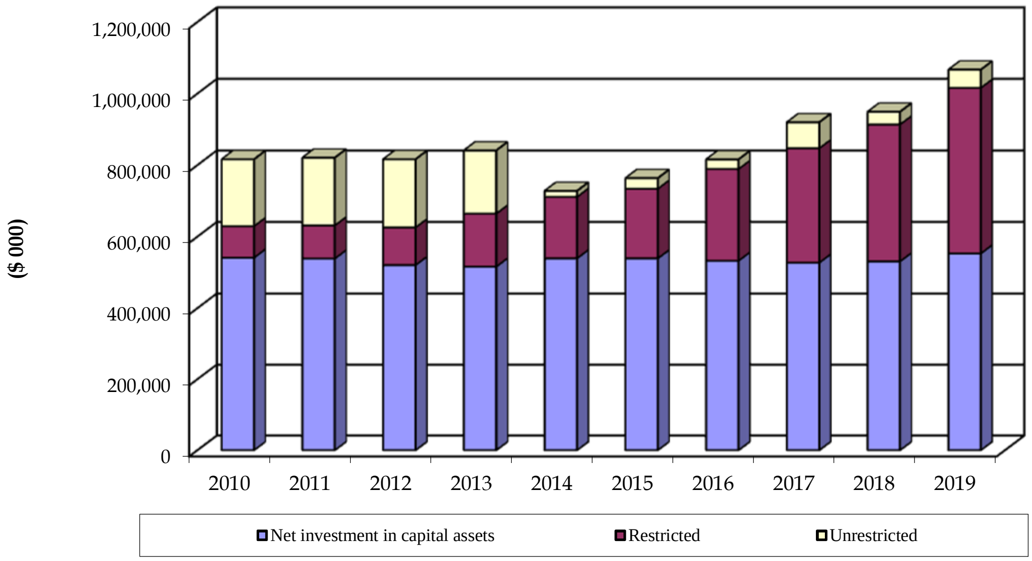
**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Net Position by Component**
**Primary Government**




**Fiscal Year Ended June 30,**

| 2014 | | 2015 | 2016 | 2017 | 2018 | | 2019 |
|---|---|---|---|---|---|---|---|
| 456,410 | | 454,939 | 450,011 | 446,280 | 450,851 | | 466,424 |
| 171,881 | | 194,850 | 256,471 | 319,980 | 382,993 | | 463,224 |
| (13,764) | (1) | (3,057) | (11,492) | 20,918 | (42,935) | (2) | (31,615) |
| 614,527 | | 646,732 | 694,990 | 787,178 | 790,909 | | 898,033 |
| | | | | | | | |
| 82,850 | | 84,170 | 82,555 | 80,809 | 79,783 | | 86,332 |
| 30,417 | | 32,410 | 38,244 | 51,586 | 78,278 | | 82,193 |
| 113,267 | | 116,580 | 120,799 | 132,395 | 158,061 | | 168,525 |
| | | | | | | | |
| 539,260 | | 539,109 | 532,566 | 527,089 | 530,634 | | 552,756 |
| 171,881 | | 194,850 | 256,471 | 319,980 | 382,993 | | 463,224 |
| 16,653 | (1) | 29,353 | 26,752 | 72,504 | 35,343 | (2) | 50,578 |
| 727,794 | | 763,312 | 815,789 | 919,573 | 948,970 | | 1,066,558 |



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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Changes in Net Position**

**Last Ten Fiscal Years**
**(Dollars in Thousands)**

| | Fiscal Year Ended June 30, | | | |
|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** |
| **Expenses** | | | | |
| Governmental activities | | | | |
| General government | $ 27,689 | 29,967 | 30,983 | 31,825 |
| Public safety | 51,909 | 46,782 | 51,302 | 50,818 |
| Public works | 20,565 | 17,489 | 16,487 | 26,967 |
| Community development | 10,878 | 9,378 | 10,611 | 8,134 |
| Culture and recreation | 32,525 | 32,070 | 31,403 | 29,703 |
| Interest on long term debt | 3,327 | 3,097 | 3,459 | 3,368 |
| Total governmental activities expenses | 146,893 | 138,783 | 144,245 | 150,815 |
| Business-type activities | | | | |
| Water | 18,923 | 20,269 | 23,812 | 26,199 |
| Wastewater | 11,141 | 10,822 | 13,413 | 14,167 |
| Solid Waste | 10,085 | 9,557 | 9,963 | 10,989 |
| Total business-type activities expenses | 40,149 | 40,648 | 47,188 | 51,355 |
| Total primary government expenses | $ 187,042 | 179,431 | 191,433 | 202,170 |
| **Program Revenues** | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | $ 23,161 | 21,275 | 22,893 | 25,966 |
| Public safety | 1,382 | 1,418 | 1,436 | 1,952 |
| Public works | 3,225 | 3,423 | 4,777 | 10,753 |
| Community development | 4,299 | 5,479 | 8,409 | 13,117 |
| Culture and recreation | 4,868 | 4,913 | 4,868 | 4,631 |
| Operating grants and contributions | 4,639 | 5,109 | 4,147 | 4,643 |
| Capital grants and contributions | 4,864 | 5,879 | 12,806 | 20,293 |
| Total government activities program revenues | 46,438 | 47,496 | 59,336 | 81,355 |
| Business-type activities | | | | |
| Charges for services: | | | | |
| Water | 18,408 | 19,775 | 23,183 | 25,823 |
| Wastewater | 14,302 | 14,039 | 13,296 | 14,558 |
| Solid Waste | 9,245 | 9,884 | 11,048 | 11,445 |
| Capital grants and contributions | 13,003 | 3,296 | 2,078 | 776 |
| Total business-type activities program revenues | 54,958 | 46,994 | 49,605 | 52,602 |
| Total primary government program revenues | $ 101,396 | 94,490 | 108,941 | 133,957 |
| **Net (Expense) Revenue** | | | | |
| Governmental activities | $ (100,455) | (91,287) | (84,909) | (69,460) |
| Business-type activities | 14,809 | 6,346 | 2,417 | 1,247 |
| Total primary government net expense | $ (85,646) | (84,941) | (82,492) | (68,213) |



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| Fiscal Year Ended June 30, | | | | | |
|---|---|---|---|---|---|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 32,517 | 33,782 | 35,510 | 38,460 | 44,602 | 46,797 |
| 51,719 | 51,946 | 53,538 | 57,759 | 66,688 | 70,435 |
| 13,264 | 30,630 | 31,052 | 29,541 | 36,057 | 35,195 |
| 15,013 | 10,501 | 11,991 | 13,564 | 18,206 | 18,859 |
| 30,623 | 30,083 | 30,105 | 31,275 | 35,698 | 35,619 |
| 2,998 | 2,178 | 1,860 | 1,732 | 1,633 | 3,971 |
| 146,134 | 159,120 | 164,056 | 172,331 | 202,884 | 210,876 |
| 24,168 | 26,001 | 27,809 | 30,459 | 35,101 | 35,868 |
| 13,962 | 15,433 | 17,332 | 18,250 | 17,294 | 19,526 |
| 12,124 | 11,199 | 11,945 | 11,762 | 13,235 | 13,682 |
| 50,254 | 52,633 | 57,086 | 60,471 | 65,630 | 69,076 |
| 196,388 | 211,753 | 221,142 | 232,802 | 268,514 | 279,952 |
| 24,584 | 26,852 | 28,846 | 34,198 | 39,415 | 42,286 |
| 1,988 | 1,849 | 1,643 | 1,205 | 1,333 | 1,407 |
| 10,276 | 10,122 | 3,911 | 3,165 | 3,546 | 3,906 |
| 14,483 | 10,487 | 11,941 | 14,055 | 20,485 | 18,266 |
| 5,023 | 5,313 | 5,106 | 5,057 | 5,315 | 5,741 |
| 4,507 | 4,756 | 4,297 | 3,902 | 3,265 | 5,111 |
| 21,859 | 21,895 | 31,291 | 68,541 | 68,479 | 74,279 |
| 82,720 | 81,274 | 87,035 | 130,123 | 141,838 | 150,996 |
| 28,887 | 26,914 | 27,953 | 33,847 | 40,571 | 34,844 |
| 15,367 | 15,925 | 19,730 | 22,818 | 22,369 | 23,513 |
| 11,864 | 12,462 | 13,125 | 14,053 | 14,870 | 15,588 |
| 187 | 552 | 385 | 2,443 | 12,761 | 2,636 |
| 56,305 | 55,853 | 61,193 | 73,161 | 90,571 | 76,581 |
| 139,025 | 137,127 | 148,228 | 203,284 | 232,409 | 227,577 |
| (63,414) | (77,846) | (77,021) | (42,208) | (61,046) | (59,880) |
| 6,051 | 3,220 | 4,107 | 12,690 | 24,941 | 7,505 |
| (57,363) | (74,626) | (72,914) | (29,518) | (36,105) | (52,375) |



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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Changes in Net Position**

**Last Ten Fiscal Years**
**(Dollars in Thousands)**

| | Fiscal Year Ended June 30, | | | |
|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** |
| **General Revenues and Other Changes in Net Position** | | | | |
| Governmental activities | | | | |
| Taxes: | | | | |
| Property taxes | $ 60,311 | 54,749 | 57,709 | 58,515 |
| Sales taxes | 15,242 | 15,501 | 15,939 | 16,744 |
| Transient occupancy tax | 3,267 | 3,914 | 4,397 | 4,668 |
| Utility users tax | 5,651 | 5,711 | 6,157 | 7,954 |
| Nonregulatory franchise and business | 3,845 | 4,084 | 4,204 | 4,241 |
| Intergovernmental revenue | 231 | 243 | 194 | 222 |
| Investment income | 9,801 | 4,784 | 6,363 | 966 |
| Other | - | - | - | - |
| Transfers | 1,510 | 195 | 355 | 510 |
| Total government activities | 99,858 | 89,181 | 95,318 | 93,820 |
| Business-type activities | | | | |
| Investment income | 930 | 422 | 526 | 22 |
| Transfers | (1,510) | (195) | (355) | (510) |
| Total business-type activities | (580) | 227 | 171 | (488) |
| Total primary government | $ 99,278 | 89,408 | 95,489 | 93,332 |
| **Change in Net Position** | | | | |
| Change in net position before extraordinary and special items: | | | | |
| Governmental activities | $ (597) | (2,106) | 10,409 | 24,360 |
| Business-type activities | 14,229 | 6,573 | 2,588 | 759 |
| Total primary government | 13,632 | 4,467 | 12,997 | 25,119 |
| Extraordinary items: | | | | |
| Assets transferred to/liabilities assumed by Successor Agency, net of LAIF rate remeasurement | - | - | (17,409) | - |
| Special items: | | | | |
| Capital assets contributed from Successor Agency | - | - | - | - |
| Land held contributed from Successor Agency | - | - | - | - |
| Change in net position | $ 13,632 | 4,467 | (4,412) | 25,119 |



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| Fiscal Year Ended June 30, | | | | | |
|---|---|---|---|---|---|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 62,601 | 64,954 | 71,563 | 86,373 | 92,478 | 95,420 |
| 16,935 | 19,773 | 21,401 | 21,829 | 20,713 | 25,058 |
| 5,595 | 6,559 | 6,591 | 7,043 | 7,057 | 7,051 |
| 7,335 | 7,988 | 9,898 | 8,573 | 8,136 | 7,850 |
| 4,633 | 4,793 | 4,954 | 4,997 | 5,364 | 5,549 |
| 209 | 209 | 211 | 219 | 228 | 219 |
| 3,870 | 4,944 | 8,551 | 1,314 | 1,459 | 26,411 |
| 1,091 | 575 | 1,724 | 2,859 | - | - |
| 739 | 256 | 386 | 1,189 | (588) | (554) |
| 103,008 | 110,051 | 125,279 | 134,396 | 134,847 | 167,004 |
| 394 | 349 | 498 | 95 | 137 | 2,405 |
| (739) | (256) | (386) | (1,189) | 588 | 554 |
| (345) | 93 | 112 | (1,094) | 725 | 2,959 |
| 102,663 | 110,144 | 125,391 | 133,302 | 135,572 | 169,963 |
| 39,594 | 32,205 | 48,258 | 92,188 | 73,801 | 107,124 |
| 5,706 | 3,313 | 4,219 | 11,596 | 25,666 | 10,464 |
| 45,300 | 35,518 | 52,477 | 103,784 | 99,467 | 117,588 |
| - | - | - | - | - | - |
| 16,679 | - | - | - | - | - |
| 6,250 | - | - | - | - | - |
| 68,229 | 35,518 | 52,477 | 103,784 | 99,467 | 117,588 |



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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Fund Balances of Governmental Funds**

**Last Ten Fiscal Years**
**(Dollars in Thousands)**

| | Fiscal Year Ended June 30, | | | |
|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** |
| General Fund | | | | |
| Nonspendable | $ 10,415 | 7,233 | 7,147 | 5,828 |
| Restricted | - | - | - | - |
| Committed | 46,201 | 43,651 | 44,609 | 42,626 |
| Assigned | 1,828 | 1,548 | 1,648 | 1,222 |
| Unassigned | 30,055 | 30,950 | 31,882 | 35,150 |
| Total General Fund | $ 88,499 | 83,382 | 85,286 | 84,826 |
| All Other Governmental Funds | | | | |
| Nonspendable | $ 664 | 694 | 47 | 76 |
| Restricted | 140,215 | 141,867 | 159,532 | 191,843 |
| Committed | 647 | - | - | - |
| Unassigned | - | (488) | - | - |
| Total all other governmental funds | $ 141,526 | 142,073 | 159,579 | 191,919 |



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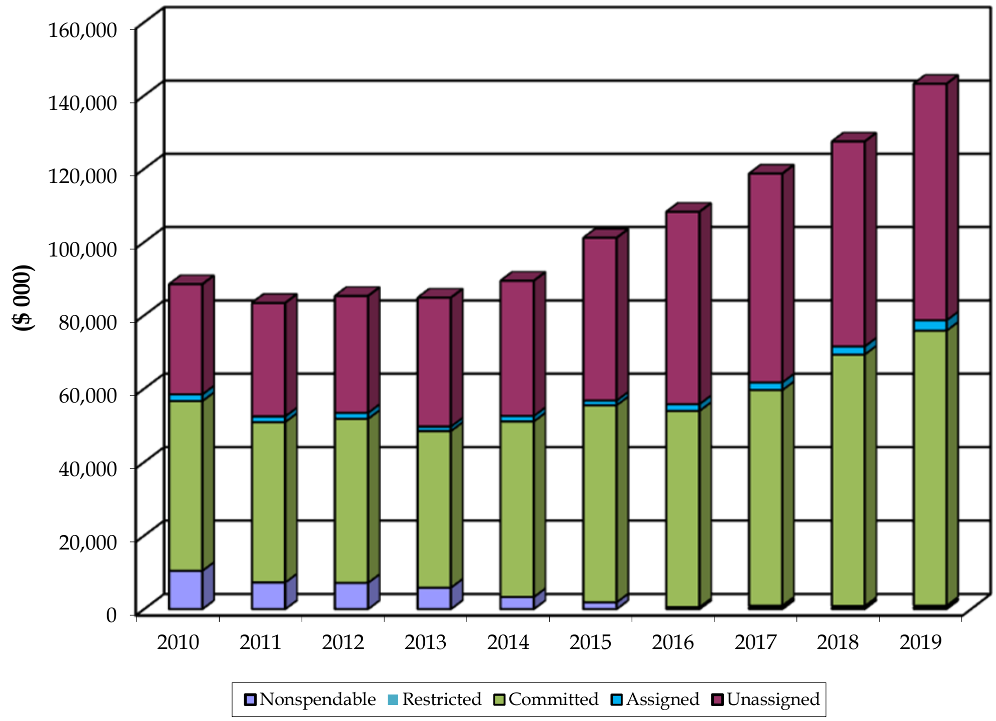
Schedule 3

## CITY OF MOUNTAIN VIEW, CALIFORNIA

### Fund Balance for General Fund




**Fiscal Year Ended June 30,**

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| 3,276 | 1,847 | 523 | 541 | 407 | 519 |
| - | - | - | 410 | 420 | 424 |
| 47,771 | 53,622 | 53,399 | 58,655 | 68,483 | 74,881 |
| 1,498 | 1,294 | 1,860 | 2,094 | 2,202 | 2,819 |
| 36,880 | 44,395 | 52,459 | 56,979 | 55,913 | 64,539 |
| 89,425 | 101,158 | 108,241 | 118,679 | 127,425 | 143,182 |
| | | | | | |
| 67 | 69 | 57 | 64 | 60 | 72 |
| 218,699 | 228,910 | 256,281 | 318,281 | 382,132 | 532,282 |
| - | 930 | 4,149 | 17,027 | 10,553 | 8,175 |
| (18) | (18) | (3) | - | (55) | (128) |
| 218,748 | 229,891 | 260,484 | 335,372 | 392,690 | 540,401 |



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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Changes in Fund Balances of Governmental Funds**

**Last Ten Fiscal Years**
**(Dollars in Thousands)**

| | Fiscal Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** | **2014** |
| **Revenues** | | | | | |
| Taxes | $ 87,035 | 82,904 | 89,496 | 93,385 | 98,806 |
| Licenses, permits and fees | 6,754 | 8,385 | 15,614 | 22,482 | 23,677 |
| Fines and forfeitures | 909 | 930 | 954 | 1,043 | 1,068 |
| Use of money and property | 17,570 | 13,177 | 15,112 | 10,659 | 14,878 |
| Intergovernmental | 6,667 | 6,861 | 5,622 | 7,200 | 7,840 |
| Charges for services | 20,915 | 21,069 | 23,339 | 36,221 | 33,810 |
| Developer fees and contributions | - | - | - | - | - |
| Other | 4,096 | 2,707 | 3,528 | 4,415 | 3,212 |
| Total Revenues | 143,946 | 136,033 | 153,665 | 175,405 | 183,291 |
| **Expenditures** | | | | | |
| Current: | | | | | |
| General government | 24,357 | 26,896 | 28,707 | 29,653 | 30,475 |
| Public safety | 45,399 | 46,212 | 48,364 | 49,474 | 50,517 |
| Public works | 16,541 | 7,907 | 8,377 | 8,736 | 9,340 |
| Community development | 9,016 | 7,468 | 9,581 | 8,316 | 14,494 |
| Culture and recreation | 21,645 | 21,407 | 20,997 | 21,072 | 21,904 |
| Capital outlay | 25,651 | 19,449 | 23,940 | 15,493 | 14,148 |
| Debt service: | | | | | |
| Principal | 5,304 | 5,705 | 18,093 | 5,103 | 5,296 |
| Interest and fiscal charges | 3,065 | 2,842 | 3,736 | 2,872 | 2,895 |
| Total Expenditures | 150,978 | 137,886 | 161,795 | 140,719 | 149,069 |
| Excess (deficiency) of revenues over (under) expenditures | (7,032) | (1,853) | (8,130) | 34,686 | 34,222 |
| **Other Financing Sources (Uses)** | | | | | |
| Proceeds from sale of capital assets | - | - | - | - | 1,469 |
| Issuance of bonds | - | - | 39,454 | - | 12,135 |
| Bond premium | - | - | - | - | - |
| Payment to refund bond escrow agent | - | - | - | - | (12,035) |
| Transfers in | 34,912 | 30,355 | 50,417 | 32,211 | 34,028 |
| Transfers (out) | (38,492) | (33,072) | (53,032) | (35,017) | (38,391) |
| Total other financing sources (uses) | (3,580) | (2,717) | 36,839 | (2,806) | (2,794) |
| Net Change in fund balances before extraordinary items | (10,612) | (4,570) | 28,709 | 31,880 | 31,428 |
| Extraordinary Items: Assets transferred to/liabilities assumed by Successor Agency, net of LAIF rate remeasurement | - | - | (9,299) | - | - |
| Net Change in fund balances | $ (10,612) | (4,570) | 19,410 | 31,880 | 31,428 |
| Debt service as a percentage of noncapital expenditures | 6.9% | 7.3% | 16.0% | 6.4% | 6.2% |

(1) Beginning the fiscal year ended June 30, 2017, the City reclassified Developer fees & contributions from various revenue line items. The City elected not to reclassify prior years' balances.



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| Fiscal Year Ended June 30, | | | | | |
|---|---|---|---|---|---|
| 2015 | 2016 | 2017 | | 2018 | 2019 |
| 107,135 | 116,783 | 131,921 | | 136,206 | 146,048 |
| 31,421 | 28,136 | 12,554 | | 17,202 | 14,688 |
| 920 | 697 | 872 | | 912 | 979 |
| 14,932 | 19,730 | 17,508 | | 20,228 | 45,389 |
| 6,255 | 6,415 | 4,590 | | 5,706 | 7,062 |
| 24,323 | 27,882 | 27,330 | | 30,077 | 32,594 |
| - | - | 57,628 | (1) | 60,239 | 52,291 |
| 5,091 | 7,681 | 6,233 | | 7,055 | 17,052 |
| 190,077 | 207,324 | 258,636 | | 277,625 | 316,103 |
| 31,714 | 34,269 | 37,379 | | 43,432 | 44,284 |
| 52,457 | 54,790 | 56,893 | | 65,276 | 65,968 |
| 10,098 | 11,924 | 12,852 | | 16,229 | 16,400 |
| 10,275 | 11,941 | 13,304 | | 18,099 | 17,988 |
| 22,899 | 23,979 | 24,707 | | 29,257 | 28,315 |
| 28,080 | 17,914 | 16,495 | | 32,688 | 39,817 |
| 5,535 | 7,187 | 4,782 | | 3,355 | 3,453 |
| 2,056 | 1,936 | 1,782 | | 1,673 | 2,847 |
| 163,114 | 163,940 | 168,194 | | 210,009 | 219,072 |
| 26,963 | 43,384 | 90,442 | | 67,616 | 97,031 |
| 1,910 | 1,950 | 2,894 | | 1,821 | - |
| - | - | - | | - | 63,800 |
| - | - | - | | - | 6,416 |
| - | - | - | | - | - |
| 33,286 | 42,300 | 57,452 | | 96,599 | 82,995 |
| (39,283) | (49,958) | (65,462) | | (99,972) | (86,774) |
| (4,087) | (5,708) | (5,116) | | (1,552) | 66,437 |
| 22,876 | 37,676 | 85,326 | | 66,064 | 163,468 |
| - | - | - | | - | - |
| 22,876 | 37,676 | 85,326 | | 66,064 | 163,468 |
| 5.6% | 6.1% | 4.3% | | 2.8% | 3.5% |



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# CITY OF MOUNTAIN VIEW, CALIFORNIA

## Assessed Value of Taxable Property

### Last Ten Fiscal Years
### (Dollars in Thousands)

| Fiscal Year | Real Property: Residential Property | Commercial Property | Industrial Property | Other |
|---|---|---|---|---|
| 2009-10 | $ 9,124,313 | 2,129,060 | 2,720,914 | 802,565 |
| 2010-11 | 9,173,517 | 2,422,019 | 2,563,850 | 385,864 |
| 2011-12 | 9,441,237 | 2,632,290 | 2,479,217 | 372,374 |
| 2012-13 | 9,844,690 | 2,737,949 | 2,498,708 | 384,514 |
| 2013-14 | 10,803,722 | 3,029,020 | 2,586,574 | 358,677 |
| 2014-15 | 11,604,492 | 3,392,658 | 2,671,439 | 925,685 |
| 2015-16 | 12,697,503 | 3,633,892 | 3,381,658 | 1,016,306 |
| 2016-17 | 14,015,191 | 4,794,158 | 3,420,298 | 1,125,702 |
| 2017-18 | 15,613,793 | 5,376,731 | 3,676,616 | 1,072,122 |
| 2018-19 | 16,641,242 | 6,027,299 | 3,944,104 | 1,087,814 |

Source: Santa Clara County Assessor

Note: Actual property value data not available in California.

(1) California cities do not set their own direct tax rate. The state constitution establishes the rate at 1 percent and allocates a portion of that amount, by an annual calculation, to all the taxing entities within a tax rate area. The City of Mountain View encompasses more than 15 tax rate areas.



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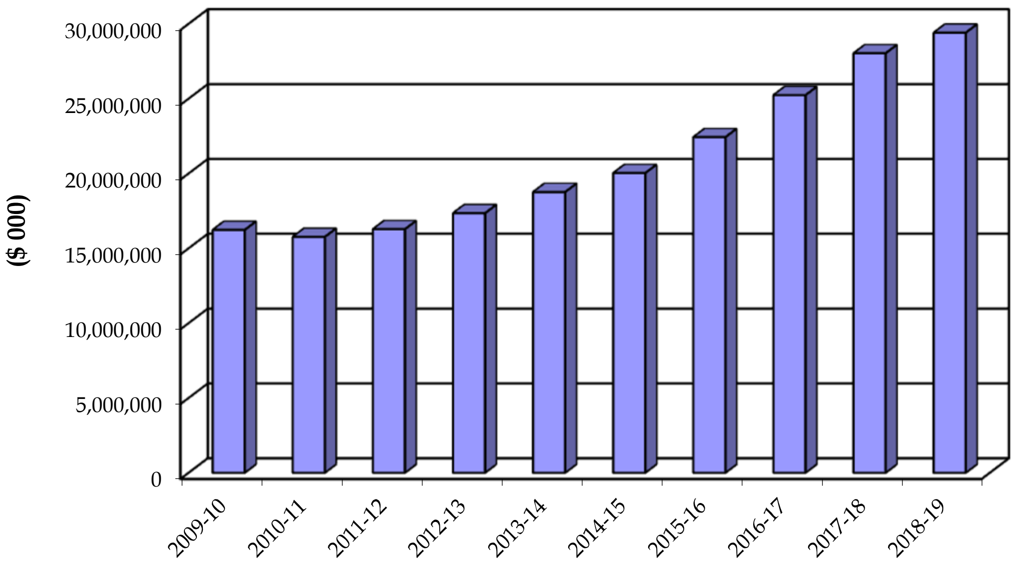
**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Total Taxable Assessed Value**




| Unsecured | Less: Tax-Exempt Property | Total Taxable Assessed Value | Total Direct Tax Rate (1) |
|---|---|---|---|
| 1,908,232 | (457,452) | 16,227,632 | 1% |
| 1,688,517 | (474,476) | 15,759,291 | 1% |
| 1,852,725 | (501,151) | 16,276,693 | 1% |
| 2,400,336 | (521,424) | 17,344,773 | 1% |
| 2,527,347 | (545,680) | 18,759,660 | 1% |
| 2,444,399 | (1,011,970) | 20,026,703 | 1% |
| 2,689,859 | (993,411) | 22,425,807 | 1% |
| 2,972,482 | (1,094,913) | 25,232,918 | 1% |
| 3,437,332 | (1,145,258) | 28,031,336 | 1% |
| 2,830,453 | (1,125,615) | 29,405,297 | 1% |



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Schedule 6

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Direct and Overlapping Property Tax Rates**

**Last Ten Fiscal Years**
**(Rate per $100 of assessed value)**

| | City Direct Rates | | Overlapping Rates (1) | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Fiscal Year** | **Basic Rate (2)** | **Total Direct** | **County of Santa Clara** | | **School Districts** | | **Hospitals** | | **Special Districts** | **Total Direct and Overlapping** | |
| 2009-10 | 1.00 | 1.00 | 0.0510 | 0.0534 | 0.0757 | 0.1008 | 0.0000 | 0.0129 | 0.0074 | 1.1341 | 1.1745 |
| 2010-11 | 1.00 | 1.00 | 0.0483 | 0.0507 | 0.0799 | 0.1081 | 0.0000 | 0.0129 | 0.0072 | 1.1354 | 1.1789 |
| 2011-12 | 1.00 | 1.00 | 0.0388 | 0.0459 | 0.0747 | 0.1110 | 0.0000 | 0.0129 | 0.0064 | 1.1199 | 1.1762 |
| 2012-13 | 1.00 | 1.00 | 0.0439 | 0.0463 | 0.1005 | 0.1149 | 0.0000 | 0.0129 | 0.0069 | 1.1513 | 1.1810 |
| 2013-14 | 1.00 | 1.00 | 0.0423 | 0.0423 | 0.0941 | 0.1059 | 0.0000 | 0.0129 | 0.0070 | 1.1434 | 1.1681 |
| 2014-15 | 1.00 | 1.00 | 0.0479 | 0.0479 | 0.0747 | 0.1164 | 0.0000 | 0.0129 | 0.0065 | 1.1291 | 1.1837 |
| 2015-16 | 1.00 | 1.00 | 0.0476 | 0.0476 | 0.0632 | 0.1174 | 0.0000 | 0.0129 | 0.0065 | 1.1173 | 1.1844 |
| 2016-17 | 1.00 | 1.00 | 0.0474 | 0.0474 | 0.0772 | 0.0943 | 0.0000 | 0.0129 | 0.0092 | 1.1338 | 1.1638 |
| 2017-18 | 1.00 | 1.00 | 0.0597 | 0.0597 | 0.0737 | 0.1052 | 0.0000 | 0.0100 | 0.0071 | 1.1405 | 1.1820 |
| 2018-19 | 1.00 | 1.00 | 0.0565 | 0.0565 | 0.1015 | 0.1259 | 0.0000 | 0.0100 | 0.0060 | 1.1640 | 1.1984 |

Source: County of Santa Clara

(1) Overlapping rates are those of local and county governments that apply to property owners within the City of Mountain View. Not all overlapping rates apply to all Mountain View property owners. These are voter approved levies in addition to the 1 percent State levy.
(2) The City's share of the basic state wide property tax rate can only be increased by a 2/3 vote of the City's residents.



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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Principal Property Tax Payers**

**Current Year and Nine Years Ago**
**(Dollars in Thousands)**

| Taxpayer | Fiscal Year 2018-19 Taxable Assessed Value | Fiscal Year 2018-19 Rank | Fiscal Year 2018-19 Percentage of Total City Taxable Assessed Value | Fiscal Year 2009-10 Taxable Assessed Value | Fiscal Year 2009-10 Rank | Fiscal Year 2009-10 Percentage of Total City Taxable Assessed Value |
|---|---|---|---|---|---|---|
| Google LLC | $ 3,853,654 | 1 | 13.1% | $ 1,144,156 | 1 | 7.1% |
| HCP Life Science REIT Inc. | 367,373 | 2 | 1.2% | 316,304 | 2 | 2.0% |
| Baccarat Shoreline LLC | 199,425 | 3 | 0.7% | - | - | - |
| Richard T. Peery Trustee | 145,848 | 4 | 0.5% | 142,116 | 4 | 0.9% |
| SI 62 | 145,024 | 5 | 0.5% | - | - | - |
| P A Charleston Road LLC | 112,000 | 6 | 0.4% | 98,531 | 6 | 0.6% |
| Intuit Inc. | 229,099 | 7 | 0.8% | - | - | - |
| Charleston Properties | 104,486 | 8 | 0.4% | - | - | - |
| Microsoft Corporation | 90,498 | 9 | 0.3% | 115,296 | 5 | 0.7% |
| MGP IX SAC II Properties LLC | 394,182 | 10 | 1.3% | - | - | - |
| Mission West Shoreline LLC | - | - | - | 175,851 | 3 | 1.1% |
| Richard M. & Beverly J. Salado Trustee | - | - | - | 70,353 | 7 | 0.4% |
| Istar CTL Charleston-Mtn View LLC | - | - | - | 67,000 | 8 | 0.4% |
| SIC - Mountain Bay Plaza LLC | - | - | - | 64,097 | 9 | 0.4% |
| 400 Castro St. Inc. | - | - | - | 54,122 | 10 | 0.3% |
| Subtotal | $ 5,641,589 | | 19.2% | $ 2,247,826 | | 13.9% |

| | | |
|---|---|---|
| Fiscal Year 2018-19 Total Net Assessed Valuation: | $ | 29,405,297 |
| Fiscal Year 2009-10 Total Net Assessed Valuation: | $ | 16,227,632 |

Source: Santa Clara County Assessor Fiscal Year Combined Tax Rolls.
Ranking based on taxes paid.



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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Property Tax Levies and Collections**

**Last Ten Fiscal Years**
**(Dollars in Thousands)**

| Fiscal Year | Taxes Levied (1) | Current Collections (2) | Percent of Levy Collected | Delinquent Tax Collections | Total Taxes Collected | Percent of Levy |
|---|---|---|---|---|---|---|
| 2009-10 | $ 60,311 | 60,311 | 100% | - | 60,311 | 100% |
| 2010-11 | 54,749 | 54,749 | 100% | - | 54,749 | 100% |
| 2011-12 | 57,709 | 57,709 | 100% | - | 57,709 | 100% |
| 2012-13 | 58,515 | 58,515 | 100% | - | 58,515 | 100% |
| 2013-14 | 62,601 | 62,601 | 100% | - | 62,601 | 100% |
| 2014-15 | 64,954 | 64,954 | 100% | - | 64,954 | 100% |
| 2015-16 | 71,563 | 71,563 | 100% | - | 71,563 | 100% |
| 2016-17 | 86,373 | 86,373 | 100% | - | 86,373 | 100% |
| 2017-18 | 92,478 | 92,478 | 100% | - | 92,478 | 100% |
| 2018-19 | 95,420 | 95,420 | 100% | - | 95,420 | 100% |

Source: City of Mountain View

Years prior to 2012-13 have been restated to match schedule 2, which excludes Homeowner's Property Tax Rebate (HOPTR) reimbursed by the State.

(1) Levies include real and personal property. Amount excludes Special Assessments and the penalties and fees on delinquent Special Assessments.

(2) The City selected to participate in the "Teeter" plan offered by the County whereby cities receive 100 percent of the taxes levied in exchange for foregoing any interest and penalties collected on delinquent taxes. The "Teeter" plan does not apply to Special Assessment Districts.



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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Ratio of Outstanding Debt by Type**

**Last Ten Fiscal Years**
**(Dollars in Thousands)**

| | Governmental Activities | | | |
|---|---|---|---|---|
| Fiscal Year | Tax Allocation Bonds | Certificates of Participation | Bank Loan | Special Assessment Debt |
| 2009-10 | $ 40,917 | 19,995 | - | 359 |
| 2010-11 | 37,275 | 17,958 | - | 333 |
| 2011-12 | 56,330 (4) | 5,779 (4) | - | 306 |
| 2012-13 | 52,300 | 4,738 | - | 274 |
| 2013-14 | 36,085 | 3,655 | 12,135 | 241 |
| 2014-15 | 34,550 | 2,530 | 9,293 | 208 |
| 2015-16 | 32,955 | - | 6,265 | 174 |
| 2016-17 | 31,290 | - | 3,187 | 134 |
| 2017-18 | 29,555 | - | 1,607 | 95 |
| 2018-19 | 97,863 (6) | - | - | 49 |

Sources: City of Mountain View
State of California, Department of Finance (population)
U.S. Department of commerce, Bureau of the Census (income)

Note: Debt amounts, except for Water Bonds (see (4) below), exclude any premiums, discounts or other amortization amounts.

(1) Includes the City of Palo Alto Loan. See Note 7 for additional information.
(2) See Schedule 14 (Demographic Statistics) for personal income and population data.
(3) Beginning in Fiscal Year 2010-11, per capita and personal income numbers are restated as updated population numbers are available.
(4) In Fiscal Year 2011-12, the Revitalization Authority was dissolved and its assets transferred/liabilities assumed by the Successor Agency.
(5) Beginning in Fiscal Year 2012-13, Business-Type activities amount includes premiums and discounts.
(6) Includes 2018 SRPC Revenue Bonds, Series A and Series B.
(7) Personal income data for Fiscal Year 2018-19 is not available until May of 2020.



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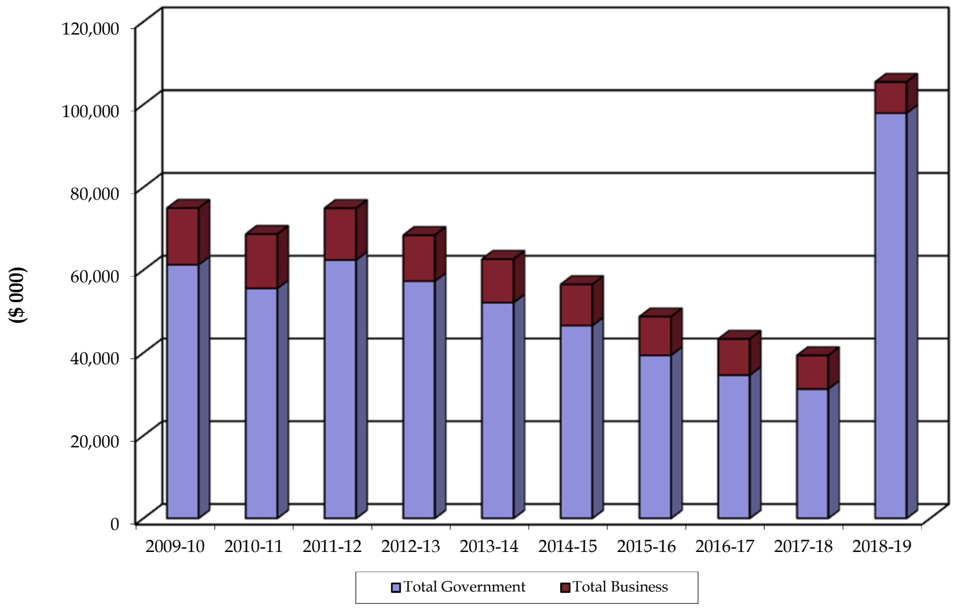
**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Outstanding Debt by Activity Type**




| Business-Type Activities | | | | |
|---|---|---|---|---|
| **Water Bonds (1)** | **WasteWater Direct Financing Arrangement** | **Total Primary Government** | **Percentage of Personal Income (2)** | **Per Capita (2)** |
| 13,715 | - | 74,986 | 1.77% | 1.01 |
| 13,125 | - | 68,691 | 1.58% (3) | 0.92 (3) |
| 12,525 | - | 74,940 | 1.60% | 0.99 |
| 11,115 (5) | - | 68,427 | 1.33% | 0.89 |
| 10,540 | - | 62,656 | 1.16% | 0.81 |
| 9,955 | - | 56,536 | 0.96% | 0.72 |
| 9,355 | - | 48,749 | 0.75% | 0.61 |
| 8,740 | - | 43,351 | 0.61% | 0.54 |
| 8,110 | - | 39,367 | 0.50% | 0.49 |
| 7,470 | 59 | 105,441 | (7) | 1.29 |



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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Ratio of General Bonded Debt Outstanding**

**Last Ten Fiscal Years**
**(Dollars in Thousands)**

| Fiscal Year | Tax Allocation Bonds | Total | Percentage of Actual Taxable Value of Property | Per Capita |
|---|---|---|---|---|
| 2009-10 | $ 40,917 | 40,917 | 0.25% | 0.55 |
| 2010-11 | 37,275 | 37,275 | 0.24% | 0.50 (1) |
| 2011-12 | 56,330 | 56,330 | 0.35% | 0.74 |
| 2012-13 | 52,300 | 52,300 | 0.30% | 0.68 |
| 2013-14 | 36,085 | 36,085 | 0.19% | 0.47 |
| 2014-15 | 34,550 | 34,550 | 0.17% | 0.44 |
| 2015-16 | 32,955 | 32,955 | 0.15% | 0.41 |
| 2016-17 | 31,290 | 31,290 | 0.12% | 0.39 |
| 2017-18 | 29,555 | 29,555 | 0.11% | 0.37 |
| 2018-19 | 97,863 (2) | 97,863 | 0.33% | 1.19 |

(1) Beginning in Fiscal Year 2010-11, per capita numbers are restated as updated population numbers are available.
(2) Includes 2018 SRPC Revenue Bonds, Series A and Series B.



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# CITY OF MOUNTAIN VIEW, CALIFORNIA

## Direct and Overlapping Governmental Activities Debt

## As of June 30, 2019

2018-19 Assessed Valuation: $29,405,296,796

| DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT: | Total Debt 6/30/19 | % Applicable (1) | City's Share of Debt 6/30/19 | |
|---|---|---|---|---|
| Santa Clara County | $947,220,000 | 6.090% | $ 57,685,698 | |
| Foothill-DeAnza Community College District | 620,143,886 | 17.567 | 108,940,676 | |
| Fremont Union High School District | 562,210,088 | 0.254 | 1,428,014 | |
| Mountain View-Los Altos Union High School District | 148,973,967 | 57.053 | 84,994,117 | |
| Los Altos School District | 50,665,000 | 15.394 | 7,799,370 | |
| Mountain View School District | 10,190,000 | 91.775 | 9,351,873 | |
| Sunnyvale School District | 188,710,820 | 0.578 | 1,090,749 | |
| Mountain View-Whisman School District | 180,470,000 | 94.094 | 169,811,442 | |
| Whisman School District | 13,105,005 | 98.014 | 12,844,740 | |
| El Camino Hospital District | 124,490,000 | 32.205 | 40,092,005 | |
| Midpeninsula Regional Open Space District | 92,460,000 | 10.272 | 9,497,491 | |
| **City of Mountain View 1915 Act Bonds** | **49,098** | **100.000** | **49,098** | |
| Santa Clara Valley Water District Benefit Assessment District | 73,570,000 | 6.090 | 4,480,413 | |
| TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT | | | $508,065,686 | |
| | | | | |
| OVERLAPPING GENERAL FUND DEBT: | | | | |
| Santa Clara County General Fund Obligations | $710,539,120 | 6.090% | $ 43,271,832 | |
| Santa Clara County Pension Obligation Bonds | 352,378,882 | 6.090 | 21,459,874 | |
| Santa Clara County Board of Education Certificates of Participation | 4,255,000 | 6.090 | 259,130 | |
| Foothill-DeAnza Community College District Certificates of Participation | 26,723,002 | 17.567 | 4,694,430 | |
| Mountain View-Los Altos Union High School District Certificates of Participation | 1,745,000 | 57.053 | 995,575 | |
| Los Altos School District Certificates of Participation | 2,405,945 | 15.394 | 370,371 | |
| Mountain View-Whisman School District Certificates of Participation | 31,645,000 | 94.094 | 29,776,046 | |
| **City of Mountain View** | **0** | **100.000** | **0** | |
| Midpeninsula Regional Park District General Fund Obligations | 117,450,600 | 10.272 | 12,064,526 | |
| Santa Clara County Vector Control District Certificates of Participation | 2,245,000 | 6.090 | 136,721 | |
| TOTAL OVERLAPPING GENERAL FUND DEBT | | | $113,028,505 | |
| Less: Santa Clara County supported obligations | | | 19,601,789 | |
| NET OVERLAPPING GENERAL FUND DEBT | | | $ 93,426,716 | |
| | | | | |
| TOTAL DIRECT TAX INCREMENT DEBT: | $91,555,000 | 100.000% | $91,555,000 | |
| | | | | |
| **TOTAL DIRECT DEBT** | | | **$0** | |
| TOTAL GROSS OVERLAPPING DEBT | | | $712,649,191 | |
| TOTAL NET OVERLAPPING DEBT | | | $693,047,402 | |
| | | | | |
| GROSS COMBINED TOTAL DEBT | | | $712,649,191 | (2) |
| NET COMBINED TOTAL DEBT | | | $693,047,402 | |

(1) The percentage of overlapping debt applicable to the city is estimated using taxable assessed property value. Applicable percentages were estimated by determining the portion of the overlapping district's assessed value that is within the boundaries of the city divided by the district's total taxable assessed value.
(2) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue bonds and non-bonded capital lease obligations.

Ratios to 2018-19 Assessed Valuation:

| | |
|---|---|
| Total Overlapping Tax and Assessment Debt | 1.73% |
| **Total Direct Debt ($0)** | **0.00%** |
| Gross Combined Total Debt | 2.42% |
| Net Combined Total Debt | 2.36% |

Source: California Municipal Statistics, Inc.



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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Legal Debt Margin Information**

**Last Ten Fiscal Years**
**(Dollars in Thousands)**

| | Fiscal Year | | | |
|---|---|---|---|---|
| | **2009-10** | **2010-11** | **2011-12** | **2012-13** |
| Debt limit | $ 1,970,420 | 1,947,008 | 1,982,930 | 2,601,716 |
| Total net debt applicable to limit | - | - | - | - |
| Legal debt margin | $ 1,970,420 | 1,947,008 | 1,982,930 | 2,601,716 |
| Total net debt applicable to the limit as a percentage of debt limit | 0.0% | 0.0% | 0.0% | 0.0% |

(1) Source: California Municipal Statistics, Inc., excluding tax allocation increment.

(2) The legal debt margin for the City of Mountain View, California, is calculated using a debt limit of 15 percent of the assessed value of property within the city limits.



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**Legal Debt Margin Calculation for Fiscal Year 2018-19**

| | |
|---|---|
| Assessed value (net) - June 30, 2019 (1) | $ 29,405,297 |
| Debt limit: 15% of assessed value | 4,410,795 |
| Less total bonded debt, general obligation | - |
| Legal debt margin (2) | $ 4,410,795 |

| Fiscal Year | | | | | |
|---|---|---|---|---|---|
| **2013-14** | **2014-15** | **2015-16** | **2016-17** | **2017-18** | **2018-19** |
| 2,813,949 | 3,004,005 | 3,363,871 | 3,784,938 | 4,204,700 | 4,410,795 |
| - | - | - | - | - | - |
| 2,813,949 | 3,004,005 | 3,363,871 | 3,784,938 | 4,204,700 | 4,410,795 |
| 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |



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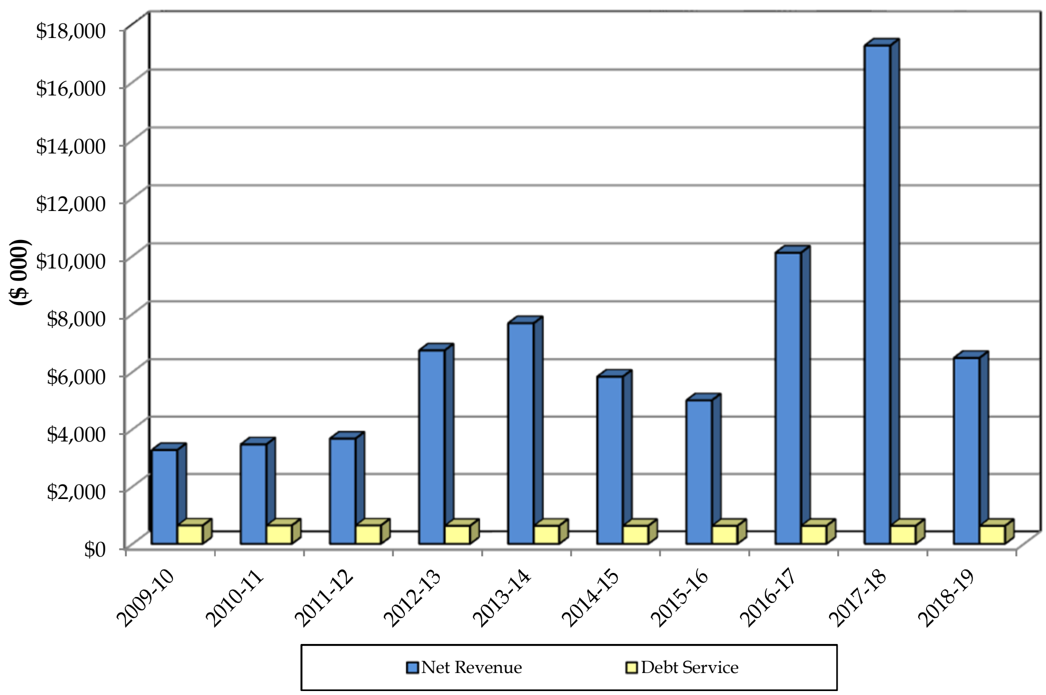
**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Bonded Debt Pledged-Revenue Coverage**

**Last Ten Fiscal Years**
**(Dollars in Thousands)**

**Water Revenue Bonds**




**Water Revenue Bonds**

| Fiscal Year | Gross Revenues | Less: Operating Costs | Net Available Revenues | Debt Service Principal | Debt Service Interest | Coverage |
|---|---|---|---|---|---|---|
| 2009-10 | $ 19,183 | 15,912 | 3,271 | 280 | 359 | 5.1 |
| 2010-11 | 20,269 | 16,799 | 3,470 | 290 | 349 | 5.4 |
| 2011-12 | 23,608 | 19,938 | 3,670 | 300 | 339 | 5.7 |
| 2012-13 | 29,060 | 22,322 | 6,738 | 310 | 316 | 10.8 |
| 2013-14 | 29,183 | 21,505 | 7,678 | 325 | 304 | 12.2 |
| 2014-15 | 27,504 | 21,671 | 5,833 | 335 | 291 | 9.3 |
| 2015-16 | 28,479 | 23,472 | 5,007 | 350 | 277 | 8.0 |
| 2016-17 | 36,005 (1) | 25,894 | 10,111 | 365 | 263 | 16.1 |
| 2017-18 | 48,005 | 30,746 | 17,259 | 380 | 248 | 27.5 |
| 2018-19 | 37,904 | 31,425 | 6,479 | 390 | 234 | 10.4 |

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
Gross revenues include developer capital contribution fees, non-operating interest earnings and transfers in.
Operating costs exclude depreciation or amortization. Interest also includes fiscal charges
and other related costs.

(1) Fiscal Year 2016-17 restated to include developer capital contribution fees.



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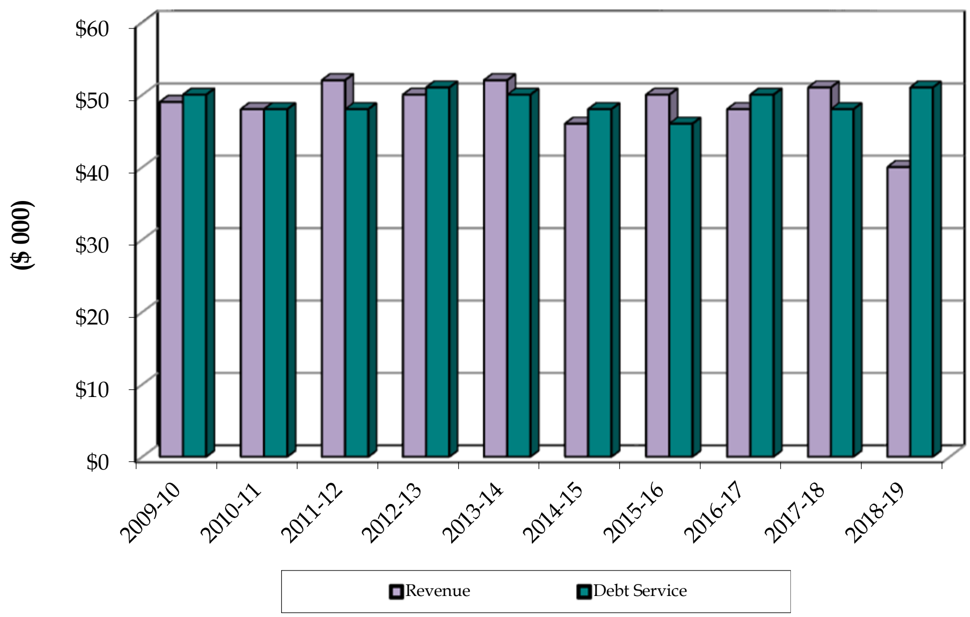
**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Bonded Debt Pledged-Revenue Coverage**

**Last Ten Fiscal Years**
**(Dollars in Thousands)**

**Special Assessment Bonds**




| | Special Assessment Bonds | | | |
|---|---|---|---|---|
| Fiscal Year | Special Assessment Collections (1) | Debt Service Principal | Debt Service Interest | Coverage |
| 2009-10 | $ 49 | 26 | 24 | 1.0 |
| 2010-11 | 48 | 26 | 22 | 1.0 |
| 2011-12 | 52 | 27 | 21 | 1.1 |
| 2012-13 | 50 | 32 | 19 | 1.0 |
| 2013-14 | 52 | 33 | 17 | 1.0 |
| 2014-15 | 46 | 33 | 15 | 1.0 |
| 2015-16 | 50 | 34 | 12 | 1.1 |
| 2016-17 | 48 | 39 | 11 | 1.0 |
| 2017-18 | 51 | 40 | 8 | 1.1 |
| 2018-19 | 40 | 46 | 5 | 0.8 |

Note: Current fiscal year debt service is paid from prior year collections.

(1) Collections include interest payments from property owners and interest earnings.



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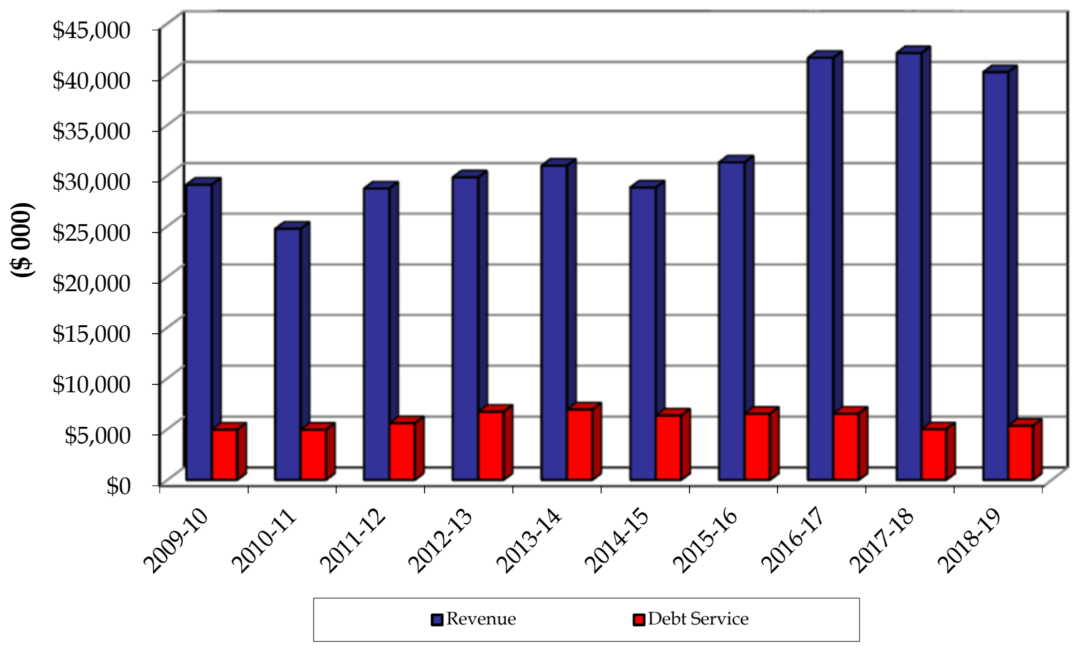
**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Debt Pledged-Revenue Coverage**

**Last Ten Fiscal Years**
**(Dollars in Thousands)**

**Revenue Bonds - Shoreline Regional Park Community**




| Fiscal Year | Revenue Bonds-Shoreline Regional Park Community (1) Tax Increment Revenues | Debt Service Principal | Debt Service Interest (2) | Coverage |
|---|---|---|---|---|
| 2009-10 | $ 29,102 | 3,095 | 1,854 | 5.9 |
| 2010-11 | 24,738 | 3,215 | 1,726 | 5.0 |
| 2011-12 | 28,716 | 3,360 | 2,218 | 5.1 |
| 2012-13 | 29,825 | 4,030 | 2,680 | 4.4 |
| 2013-14 | 30,972 | 4,180 | 2,746 | 4.5 |
| 2014-15 | 28,821 | 4,377 | 1,953 | 4.6 |
| 2015-16 | 31,304 | 4,623 | 1,884 | 4.8 |
| 2016-17 | 41,635 | 4,743 | 1,771 | 6.4 |
| 2017-18 | 42,100 | 3,315 | 1,665 | 8.5 |
| 2018-19 | 40,219 | 3,407 | 1,917 | 7.6 |

(1) Comprised of Shoreline Regional Park Community 2011 Revenue Bonds, 2014 Bank Loan, and 2018 Revenue Bonds.
(2) Includes other fiscal charges.



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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Demographic Statistics**

**Last Ten Fiscal Years**
**(Dollars in Thousands)**

| Fiscal Year | Population (1) | Population Density (Sq. Mile) (2) | Personal Income (3) | Per Capita Personal Income (3) | School Enrollment | Unemployment Rate (%) (3) |
|---|---|---|---|---|---|---|
| 2009-10 | 74,066 | 6,071 | $ 4,147,696 | 56 | 7,211 | 11.3% |
| 2010-11 | 74,869 | 6,137 | 4,342,402 | 58 | 7,311 | 10.3% |
| 2011-12 | 75,736 | 6,208 | 4,695,632 | 62 | 7,351 | 8.7% |
| 2012-13 | 76,802 | 6,295 | 5,145,734 | 67 | 7,524 | 6.8% |
| 2013-14 | 77,126 | 6,322 | 5,398,820 | 70 | 7,535 | 5.4% |
| 2014-15 | 78,648 | 6,447 | 5,898,600 | 75 | 7,552 | 3.9% |
| 2015-16 | 79,760 | 6,538 | 6,460,560 | 81 | 7,577 | 4.0% |
| 2016-17 | 80,484 | 6,597 | 7,163,076 | 89 | 7,620 | 3.5% |
| 2017-18 | 80,800 | 6,623 | 7,918,400 | 98 | 7,678 | 2.9% |
| 2018-19 | 81,992 | 6,721 | (4) | (4) | 7,719 | 2.6% |

Sources: Santa Clara County Office of Education.
State of California, Department of Finance.
U.S. Census Bureau.

(1) Population numbers are provisional estimates as of January 1st revised annually, except Fiscal Year 2009-10 is census. Beginning in Fiscal Year 2010-11, population numbers are restated as updated population numbers are available.
(2) Population Density per square mile calculations are restated from 11.7 to 12.2 square miles in Fiscal Year 2015-16. All prior years' numbers are restated.
(3) Per capita personal income and unemployment rate are for Santa Clara County. Personal income is the product of the countywide per capita amount and the City's population.
(4) Personal income data for Fiscal Year 2018-19 is not available until May of 2020.



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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Principal Employers**

**Current Year and Nine Years Ago**

| | Fiscal Year 2018-19 | | | Fiscal Year 2009-10 | | |
|---|---|---|---|---|---|---|
| **Employer** | **Estimated Number of Employees** | **Rank** | **Percentage of Total City Employment** | **Estimated Number of Employees** | **Rank** | **Percentage of Total City Employment** |
| Google LLC | 23,000 | 1 | 17.9% | 10,000 | 1 | 8.5% |
| Symantec | 2,789 | 2 | 2.2% | 3,400 | 2 | 2.9% |
| Intuit Inc. | 2,567 | 3 | 2.0% | 1,700 | 5 | 1.5% |
| El Camino Hospital | 2,500 | 4 | 2.0% | 2,500 | 3 | 2.1% |
| LinkedIn | 1,802 | 5 | 1.4% | 600 | 9 | 0.5% |
| Microsoft Corporation | 1,668 | 6 | 1.3% | 2,400 | 4 | 2.1% |
| Synopsys Inc. | 1,482 | 7 | 1.2% | 1,000 | 6 | 0.9% |
| Samsung | 1,111 | 8 | 0.8% | - | - | - |
| Pure Storage | 950 | 9 | 0.7% | - | - | - |
| City of Mountain View | 714 | 10 | 0.6% | - | - | - |
| Palo Alto Medical Foundation | - | - | - | 800 | 7 | 0.7% |
| KPMG | - | - | - | 700 | 8 | 0.6% |
| Omnicell | - | - | - | 300 | 10 | 0.3% |
| Subtotal | 38,583 | | 30.1% | 23,400 | | 20.0% |
| Total City Daytime Population | 128,143 | | | 117,000 | | |

Sources: Business License Data
Silicon Valley Business Journal 'The List 2019'
Company Representatives



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**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Full-Time Equivalent City Government Employees by Function**

**Last Ten Fiscal Years**

| | Adopted for Fiscal Year Ended June 30, | | | |
|---|---|---|---|---|
| | **2010 (1)** | **2011 (1)** | **2012 (1)** | **2013** |
| **Function** | | | | |
| General government | 78.50 | 77.25 | 73.75 | 73.75 |
| Public safety: | | | | |
| Fire: | | | | |
| Firefighters and Safety Officers | 73.00 | 73.00 | 73.00 | 74.00 |
| Civilians | 9.10 | 8.60 | 8.60 | 5.60 |
| Police: | | | | |
| Sworn Police | 98.00 | 95.00 | 95.00 | 96.00 |
| Civilians | 50.50 | 49.50 | 46.50 | 44.00 |
| Public works | 58.75 | 58.75 | 52.05 | 53.05 |
| Community development | 33.00 | 33.00 | 32.00 | 32.00 |
| Culture and recreation: | | | | |
| Community Services | 104.50 | 104.75 | 99.25 | 81.75 (2) |
| Library | 33.50 | 33.50 | 30.00 | 30.00 |
| Water | 38.41 | 38.91 | 38.15 | 38.15 |
| Wastewater | 21.63 | 21.63 | 21.50 | 21.50 |
| Solid Waste | 15.36 | 15.36 | 14.95 | 14.95 |
| Total Regular Positions | 614.25 | 609.25 | 584.75 | 564.75 |
| Limited-Period Positions | 2.00 | 3.00 | 3.00 | 3.50 |
| Total | 616.25 | 612.25 | 587.75 | 568.25 |

Source: City of Mountain View

(1) Fiscal years ended June 30, 2010, 2011 and 2012 include 15.25, 25.0 and 1.0 unfunded positions, respectively.
(2) Includes the elimination of 17.5 positions with the transfer of the management of the golf course to a private operator.



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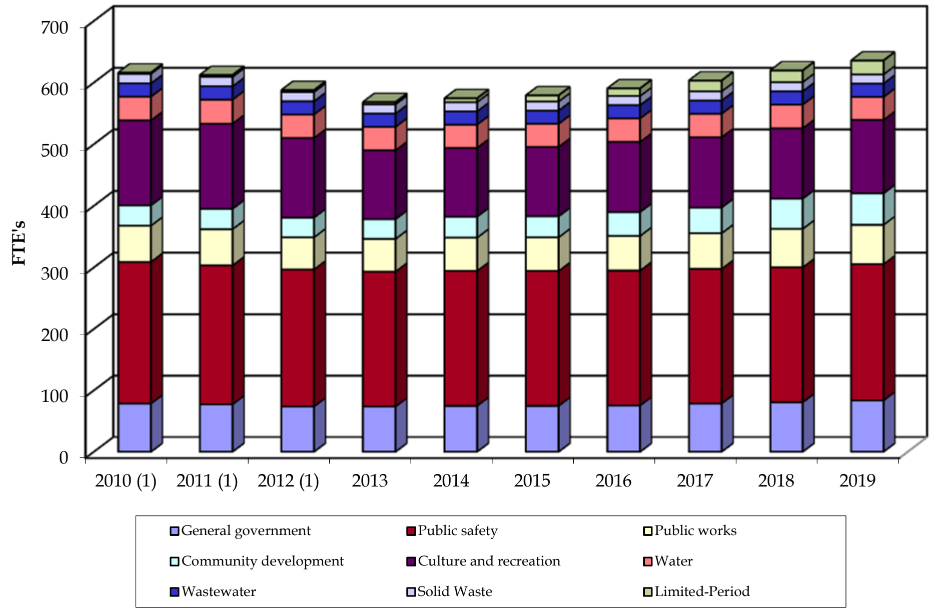
**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Employees by Function**




**Adopted for Fiscal Year Ended June 30,**

| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|
| 74.75 | 74.75 | 75.40 | 78.65 | 80.65 | 83.65 |
| 74.00 | 74.00 | 74.00 | 74.00 | 73.00 | 73.00 |
| 5.60 | 5.60 | 5.60 | 4.60 | 5.60 | 7.60 |
| 96.00 | 96.00 | 96.00 | 95.00 | 95.00 | 95.00 |
| 44.00 | 44.00 | 44.00 | 45.50 | 46.00 | 46.00 |
| 54.05 | 54.55 | 56.20 | 57.70 | 62.40 | 63.90 |
| 34.00 | 34.00 | 38.75 | 41.75 | 49.00 | 51.00 |
| 81.75 | 82.75 | 83.75 | 84.25 | 84.50 | 88.50 |
| 30.00 | 30.00 | 30.00 | 29.75 | 29.75 | 30.75 |
| 37.65 | 37.50 | 38.25 | 38.25 | 38.35 | 37.35 |
| 21.50 | 21.45 | 21.60 | 21.60 | 21.70 | 21.70 |
| 14.95 | 14.65 | 14.70 | 14.70 | 14.80 | 14.80 |
| 568.25 | 569.25 | 578.25 | 585.75 | 600.75 | 613.25 |
| 6.25 | 10.00 | 12.25 | 17.50 | 19.00 | 22.50 |
| 574.50 | 579.25 | 590.50 | 603.25 | 619.75 | 635.75 |



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Schedule 17

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

**Operating Indicators by Function/Program**
**Last Ten Fiscal Years**

| Function/Program | Fiscal Year Ended June 30, 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|
| Public safety: | | | | |
| Fire: | | | | |
| Fire calls for service | 4,710 | 5,033 | 5,141 | 5,196 |
| Primary fire inspections conducted | 1,160 | 1,257 | 965 (1) | 999 (1) |
| Environmental safety inspections conducted | 1,895 | 2,000 | 1,626 (1) | 1,593 (1) |
| Police: | | | | |
| Communication Center calls answered | 86,763 | 84,313 | 81,820 | 79,662 |
| Police calls for service | 81,027 | 77,854 | 71,758 | 72,318 |
| Law violations: | | | | |
| Part I and Part II crimes | 6,214 | 5,075 | 4,548 | 4,465 |
| Physical arrests (adult and juvenile) | 2,898 | 2,538 | 2,346 | 2,706 |
| Traffic violations | 14,772 | 14,245 | 10,789 (5) | 18,908 |
| Parking violations | 5,969 | 7,296 | 4,755 (5) | 4,120 |
| Public works | | | | |
| Street resurfacing (miles) | 5.28 (6) | 3.40 (6) | 1.83 (7) | 1.20 (8) |
| Potholes repaired (square feet) | 208 | 342 | 430 | 1,102 (10) |
| Culture and recreation: | | | | |
| Community Services: | | | | |
| Recreation class participants | 9,542 | 8,595 | 7,604 | 7,020 |
| Performing Arts Center performances | 331 | 339 | 348 | 340 |
| Library: | | | | |
| Volumes in Collection (thousands) | 318 | 321 | 333 | 331 |
| Total Volumes Borrowed (thousands) | 1,688 | 1,722 | 1,799 | 1,747 |
| Water | | | | |
| Water service connections | 17,277 | 17,433 | 17,497 | 17,636 |
| Water main breaks | 1 | 12 | 6 | 6 |
| Average daily consumption (thousands of gallons) | 11,000 | 9,868 | 10,350 | 10,520 |
| Wastewater | | | | |
| Storm drain inlets | 2,664 | 2,664 | 2,767 | 2,776 |
| Sewer service connections | 16,944 | 17,099 | 17,149 | 17,373 |
| Sewer main blockages | 11 | 4 | 4 | 6 |
| Average daily treatment (thousands of gallons) | 7,903 | 8,090 | 7,860 | 7,608 |
| Solid Waste | | | | |
| Landfilled (tons per year) | 47,976 | 45,491 | 48,332 | 46,894 |
| Recyclables Processed (tons per year) (16) | 22,828 | 24,291 (17) | 24,703 | 28,136 |

Source: City of Mountain View

(1) Lower due to vacancy and turnover in personnel resulting in reduced staffing.
(2) Beginning in the Fiscal Year ended June 30, 2015 includes total fire inspections completed by Fire Suppression Line Personnel (918). Previously included only those completed by the Fire & Environmental Protection Division (FEPD
(3) Beginning in the Fiscal Year ended June 30, 2016, includes total multi-family housing inspections completed by FEPD not previously accounted for.
(4) For the Fiscal Year ended June 30, 2016 Police calls for service number is restated. Number of calls have decreased due to the different way the new CAD system records some activities.
(5) Fewer Traffic and Parking violations due to less officers available in the Traffic and Parking Enforcement Units.
(6) Work on Federal Stimulus Package delayed work on street resurfacing.
(7) Diversion of street resurfacing funds to a Federally funded streets project contributed to lower than average street resurfacing miles.
(8) Reflects focus on other street improvements such as drain grates, sidewalks, gutters, and curbs; which has diverted funding away from resurfacing efforts.
(9) The City was unable to advertise and bid the surface project and therefore street resurfacing project was delayed.
(10) The City's Customer Relationship Management (CRM) system has significantly increased the number of maintenance requests the Streets Operation receives from the public, including requests to fill potholes.
(11) Increase due to responses to sections of California St., Shorline Blvd., Miramonte, and El Camino Real (this is a state highway that City assisted with abating the most hazardous potholes).
(12) The measures may have been affected by customers slowly returning to the Library upon the finished remodel and as programs were steadily added.
(13) Methodology to estimate number of sewer connections changed to reflect more accurate count.
(14) Fiscal Year ended June 30, 2018 is restated due to incorrect figures reflected for the year.
(15) Fiscal Year ended June 30, 2015 was restated in Fiscal Year ended June 30, 2016 due to incorrect calculations.
(16) Includes curbside, multi-family, commercial and school recycling, yard waste, debris box recycling, MV Recycling Center, and recyclables recovered from refuse at the SMaRT station.
(17) Beginning in the Fiscal Year ended June 30, 2011 to June 30, 2015, figures are restated to include food scrap recycling.



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Schedule 17

| Fiscal Year Ended June 30, | | | | | |
|---|---|---|---|---|---|
| **2014** | **2015** | **2016** | **2017** | **2018** | **2019** |
| 5,526 | 5,703 | 5,955 | 6,117 | 6,049 | 6,188 |
| 957 (1) | 1,857 (2) | 2,844 (3) | 1,972 (1) | 1,520 (1) | 2,262 |
| 1,851 | 1,769 | 1,641 | 1,572 | 1,613 | 1,363 |
| 85,175 | 90,559 | 91,826 | 91,782 | 92,011 | 83,400 |
| 61,525 | 63,093 | 48,875 (4) | 48,515 | 44,188 | 44,725 |
| 4,384 | 4,369 | 4,901 | 4,689 | 4,914 | 5,335 |
| 2,320 | 2,262 | 1,978 | 2,218 | 2,119 | 1,970 |
| 13,411 | 13,745 | 11,821 | 8,233 | 3,563 | 4,270 (5) |
| 8,235 | 5,990 | 6,733 | 8,149 | 12,506 | 12,144 |
| 1.49 | - (9) | 2.40 | 6.80 | 2.97 | 3.93 |
| 821 | 1,439 | 1,800 | 3,271 | 1,071 | 3,724 (11) |
| 8,558 | 9,438 | 8,697 | 8,412 | 8,501 | 9,023 |
| 399 | 394 | 399 | 437 | 555 | 504 |
| 337 | 337 | 326 | 329 | 302 | 308 |
| 1,685 | 1,564 | 1,416 | 1,339 | 1,177 (12) | 1,253 |
| 17,781 | 17,858 | 17,516 | 18,004 | 18,199 | 18,341 |
| 8 | 9 | 5 | 10 | 2 | 8 |
| 10,475 | 8,713 | 6,917 | 7,807 | 8,395 | 8,341 |
| 2,776 | 2,829 | 3,030 | 3,086 | 3,086 | 3,086 |
| 17,377 | 17,461 | 16,906 (13) | 16,906 | 16,863 (14) | 16,990 |
| 5 | 15 | 4 | 3 | 6 | 6 |
| 6,980 | 6,750 | 6,235 | 6,285 | 7,005 | 7,295 |
| 44,878 | 46,865 (15) | 40,961 | 40,092 | 41,320 | 47,578 |
| 30,411 | 35,465 | 40,499 | 41,649 | 41,381 | 42,248 |

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D).



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Schedule 18

**CITY OF MOUNTAIN VIEW, CALIFORNIA**

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

| | Fiscal Year Ended June 30, | | | |
|---|---|---|---|---|
| | **2010** | **2011** | **2012** | **2013** |
| **Function/Program** | | | | |
| Public safety: | | | | |
| Fire stations | 5 | 5 | 5 | 5 |
| Police stations | 1 | 1 | 1 | 1 |
| Police patrol units | 38 | 38 | 38 | 38 |
| Public works | | | | |
| Miles of streets | 139.9 | 139.2 (1) | 139.2 | 140.2 |
| Street lights | 4,117 | 4,117 | 4,117 | 4,117 |
| Traffic Signals | 80 | 80 | 80 | 83 |
| Culture and recreation: | | | | |
| Community services: | | | | |
| City parks (3) | 35 | 35 | 37 | 37 |
| City parks acreage (3) | 194.7 | 194.7 | 195.7 | 195.7 |
| Playgrounds (3) | 28 | 28 | 30 | 30 |
| City trails (3) | 5 | 5 | 5 | 5 |
| City trails miles (3) | 9.02 | 9.02 | 9.35 | 9.35 |
| Roadway landscaping acreage | 120.25 | 120.25 | 120.25 | 120.25 |
| Regional park acreage (including trails) (3) | 781.79 | 781.79 | 796.63 | 796.63 |
| Regional park facilities: | | | | |
| Golf courses (18 holes) | 1 | 1 | 1 | 1 |
| Boathouse | 1 | 1 | 1 | 1 |
| Sailing lake acreage | 50 | 50 | 50 | 50 |
| Clubhouse and banquet facility | 1 | 1 | 1 | 1 |
| Historic Buildings (9) | 1 | 1 | 1 | 1 |
| Community gardens | 2 | 2 | 2 | 2 |
| Community centers | 1 | 1 | 1 | 1 |
| Senior centers | 1 | 1 | 1 | 1 |
| Teen Center (10) | 0 | 0 | 0 | 0 |
| Sports centers | 2 | 2 | 2 | 2 |
| Performing arts centers | 1 | 1 | 1 | 1 |
| Swimming pools | 2 | 2 | 2 | 2 |
| Tennis courts | 35 | 35 | 35 | 35 |
| Baseball/softball diamonds | 6 | 6 | 6 | 6 |
| Soccer/football fields | 14 | 14 | 14 | 14 |
| Library: | | | | |
| City Libraries | 1 | 1 | 1 | 1 |
| Water | | | | |
| Miles of water mains | 172 | 172 | 172 | 176 |
| Fire hydrants | 1,993 | 2,065 | 2,070 | 2,072 |
| Storage capacity (thousands of gallons) | 38,530 | 38,530 | 38,530 | 38,530 |
| Wastewater | | | | |
| Miles of sanitary sewers | 159 | 159 | 159 | 158 |
| Miles of storm sewers | 108 | 108 | 108 | 108 |
| Number of treatment plants (12) | 0 | 0 | 0 | 0 |
| Treatment capacity (thousands of gallons) | 15,100 | 15,100 | 15,100 | 15,100 |

Source: City of Mountain View

(1) The miles of streets were adjusted due to duplicate or overlap street segments removed during the database updates.
(2) The miles of streets are based on the certified report dated May 22, 2019 derived from the updated database.
(3) Includes assets not owned by the City but maintained by the City.
(4) Fiscal Years ended June 30, 2015 and 2016 were previously reported as 85, however, 2 signals were not installed until 2018.
(5) Shoreline Athletic Fields converted 12 acres of Regional park acreage to City parks acreage in Fiscal Year ended June 30, 2016.
(6) The total length of the trails adjusted due to more precise Geographic Information Systems measurement.
(7) Additions of Permanente Creek Trail Rock St to Middlefield Rd and Hetch-Hetchy Trail between N Whisman Rd and Tyrella Ave.
(8) No longer includes the Dog Park and Charleston Park.
(9) Separate category to reflect Adobe Building and Immigrant House beginning Fiscal Year ended June 30, 2017.
(10) Reflects Teen Center as a separate category beginning Fiscal Year ended June 30, 2017.
(11) The miles of sanitary sewers are updated based on correction by GIS due to mischaracterization.
(12) The City of Mountain View owns treatment capacity at the Palo Alto Treatment Plant.



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| Fiscal Year Ended June 30, | | | | | |
|---|---|---|---|---|---|
| 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 38 | 38 | 38 | 38 | 38 | 38 |
| 140.2 | 140.2 | 140.2 | 140.2 | 140.2 | 140.1 (2) |
| 4,117 | 4,117 | 4,120 | 4,120 | 4,120 | 4,270 |
| 83 | 83 (4) | 83 (4) | 83 | 85 | 85 |
| 39 | 41 | 42 | 42 | 42 | 42 |
| 196.35 | 199.12 | 212.32 (5) | 212.32 | 212.32 | 212.32 |
| 30 | 30 | 30 | 30 | 30 | 30 |
| 5 | 5 | 5 | 5 | 5 | 5 |
| 9.26 (6) | 9.26 | 9.26 | 9.26 | 9.71 (7) | 9.71 |
| 120.25 | 120.25 | 120.25 | 120.25 | 120.25 | 120.25 |
| 796.13 (8) | 796.13 | 784.13 (5) | 784.13 | 784.13 | 784.13 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 50 | 50 | 50 | 50 | 50 | 50 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 3 | 3 | 3 |
| 2 | 2 | 2 | 2 | 2 | 3 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 0 | 0 | 0 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| 35 | 35 | 35 | 35 | 35 | 35 |
| 6 | 6 | 8 | 8 | 8 | 8 |
| 14 | 14 | 16 | 16 | 16 | 16 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 176 | 176 | 176 | 177 | 188 | 188 |
| 2,074 | 2,091 | 2,118 | 2,118 | 2,136 | 2,136 |
| 38,530 | 38,530 | 38,530 | 38,530 | 38,530 | 38,530 |
| 158 | 158 | 158 | 158 | 158 | 157 (11) |
| 109 | 109 | 109 | 109 | 109 | 109 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 15,100 | 15,100 | 15,100 | 15,100 | 15,100 | 15,100 |



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# MOUNTAIN VIEW
# SHORELINE REGIONAL PARK COMMUNITY

**(A Component Unit of the City of Mountain View, California)**

**Basic Financial Statements**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

Prepared by the

**DEPARTMENT OF FINANCE AND ADMINISTRATIVE SERVICES**

Jesse Takahashi, Finance and Administrative Services Director
Helen He, Accounting Manager

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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMMUNITY**

For the Fiscal Year Ended June 30, 2019

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# Independent Auditor's Report

Board of Directors of the
Mountain View Shoreline Regional Park Community
City of Mountain View, California

## Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mountain View Shoreline Regional Park Community (Shoreline Community), a component unit of the City of Mountain View, California (City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Shoreline Community's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

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

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Shoreline Community as of June 30, 2019, and the respective changes in financial position thereof and the respective budgetary comparison for Shoreline Regional Park Community Fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Macias Gini & O'Connell LLP
2121 N. California Boulevard, Suite 750
Walnut Creek, CA 94596

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***Other Matters***

*Required Supplementary Information*
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of the Shoreline Community's proportionate share of the net pension liability, the schedule of the Shoreline Community pension contributions, the schedule of the Shoreline Community's proportionate share of the net OPEB liability, and the schedule of the Shoreline Community OPEB contributions as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Shoreline Community's basic financial statements. The individual fund financial statements as listed in the table of contents as other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards,* we have also issued our report dated November 25, 2019 on our consideration of the Shoreline Community'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 Shoreline Community'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 Shoreline Community's internal control over financial reporting and compliance.

Macias Gini & O'Connell LLP

Walnut Creek, California
November 25, 2019

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**Management's Discussion and Analysis (MD&A)**
**for the Fiscal Year Ended June 30, 2019**

This section of the Mountain View Shoreline Regional Park Community's (Shoreline Community or SRPC) basic financial statements presents a narrative overview and analysis of the financial activities of the Shoreline Community for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that has been furnished in the financial statements and our transmittal letter for the financial statements of the City of Mountain View (City).

## FINANCIAL HIGHLIGHTS

The Shoreline Community's principal revenue source is property taxes which have historically fluctuated due to economic conditions that have resulted in changes in the commercial vacancy rate and assessed values. For Fiscal Year 2018-19, property taxes have decreased slightly. Fiscal Year 2018-19 financial highlights include the following:

- The Shoreline Community's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources for the fiscal year ended June 30, 2019 by $68.4 million (net position). Of this amount, $37.2 million reflects its net investment in capital assets, $26.2 million is restricted for Shoreline Community indebtedness, $6.6 million is restricted for debt service, and negative $1.6 million is unrestricted.

- The Shoreline Community's total net position decreased by $2.8 million during the fiscal year compared to the prior fiscal year decrease of $48.4 million. The significant change is primarily due to a one-time asset transfer to the City in the amount of $19.5 million and higher transfers for capital projects occurring in prior fiscal year.

- Shoreline Communitywide revenues of $47.1 million included program revenues, and general revenues, excluding net transfers, are $14.8 million less than the prior fiscal year. The significant change is primarily due to a reduction in developer fees and contributions received during the fiscal year compared to the prior fiscal year.

- Shoreline Communitywide expenses are $31.9 million, $2.9 million less than the prior fiscal year, primarily due to a loss on disposal of capital assets of $3.2 million in the prior fiscal year.

- Governmental fund balances for the fiscal year ended June 30, 2019 increased $66.7 million to $106.7 million, primarily due to proceeds from issuing Shoreline Regional Park Community 2018 Revenue Bonds.



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- Governmental fund revenues are $42.8 million for the fiscal year ended June 30, 2019, a decrease of $17.1 million from the prior fiscal year, primarily from a reduction in capital contributions from development activities.

- Governmental fund expenditures are $29.6 million for the fiscal year ended June 30, 2019, an increase of $0.5 million from the prior fiscal year's expenditures of $29.1 million.

- The Shoreline Community's total long-term debt increased by $66.7 million compared with the prior fiscal year mostly due to the issuance of Shoreline Regional Park Community 2018 Revenue Bonds of $63.8 million.

## OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the Shoreline Community's component unit basic financial statements. The Shoreline Community's component unit basic financial statements comprise three components: (1) government-wide financial statements; (2) fund financial statements; and (3) notes to the basic financial statements. This report also contains required supplementary information.

### Government-wide Financial Statements

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

The Statement of Net Position presents information on all of the Shoreline Community's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two 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 Shoreline Community is improving or deteriorating.

The Statement of Activities presents information showing how the Shoreline Community'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.



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**Fund Financial Statements**

The fund financial statements are designed to report information about groupings of related accounts, which are used to maintain control over resources that have been segregated for specific activities or objectives. The Shoreline Community, like other State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in determining what financial resources are available in the near future to finance the Shoreline Community's programs.

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 funds 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 government's near-term financing decisions. Both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Shoreline Community has four individual governmental funds. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the SRPC Fund, SRPC 2011 Revenue Bonds Fund, SRPC 2014 Bank Loan Fund, and SPRC 2018 Revenue Bonds Fund, all of which are reported as major funds.

The Shoreline Community adopts an annual appropriated budget for the SRPC Fund. A budgetary comparison statement has been provided for this fund to demonstrate compliance with budget.

Fiduciary funds are used to account for resources held for the benefit of parties outside the Shoreline Community. Since the resources of these funds are not available to support the Shoreline Community's own programs, they are not reflected in the government-wide financial statements.

**Notes to the Basic Financial Statements**

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

**Other**

Required Supplementary Information includes schedules required to be presented showing information related to the SRPC's cost-sharing arrangement with the City's pension and other postemployment benefits (OPEB) plans.

Other Supplementary Information includes the Combining Statements of the SPRC Fund.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Shoreline Community has presented its financial statements under the reporting model required by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Two years of financial information and a comparative analysis of government-wide data are included in this MD&A.

Analysis of Net Position

A summary of net position follows:

**Condensed Statement of Net Position**

(Dollars in Thousands)

| | 2019 | 2018 |
|---|---|---|
| **Assets:** | | |
| Current and other assets | $ 110,423 | 43,970 |
| Capital assets | 65,548 | 66,943 |
| Total assets | 175,971 | 110,913 |
| **Deferred outflows of resources:** | | |
| Pension items | 1,103 | 1,596 |
| OPEB items | 290 | 1,085 |
| Total deferred outflows of resources | 1,393 | 2,681 |
| **Liabilities**: | | |
| Current and other liabilities | 5,655 | 4,643 |
| Noncurrent liabilities | 97,863 | 31,162 |
| Net pension liability | 5,038 | 5,431 |
| Net OPEB liability | 290 | 1,085 |
| Total liabilities | 108,846 | 42,321 |
| **Deferred inflows of resources:** | | |
| Deferred inflows related to pension | 95 | 68 |
| **Net Position**: | | |
| Net investment in capital assets | 37,179 | 35,781 |
| Restricted for Shoreline Community indebtedness | 26,215 | 26,870 |
| Restricted for debt service | 6,583 | 2,883 |
| Unrestricted | (1,554) | 5,671 |
| Total net position | $ 68,423 | 71,205 |



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As noted earlier, net position may serve as a useful indicator of a government's financial position. For the Shoreline Community, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $68.4 million at the end of the fiscal year. The components of net position are as follows:

- One portion of the Shoreline Community's net position of $37.2 million reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. It increased by $1.4 million compared to the prior fiscal year. This is primarily related to principal payments of $3.4 million offset by a decrease in capital assets of $1.4 million.

- Another significant portion of the Shoreline Community's net position of $26.2 million is restricted for Shoreline Community indebtedness, which may be used to meet the Shoreline Community's obligations. The balance is comparable to the prior fiscal year.

The increases of the current and other assets and noncurrent liabilities during the year were due the issuance of Shoreline Regional Park Community 2018 Revenue Bonds of $63.8 million and bond premium of $6.4 million. Restricted cash and investments increased by $73.2 million as majority of the proceeds received from the bond issuance remained unspent as of June 30, 2019.



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Statement of Activities

A summary of the changes in net position follows:

**Condensed Statement of Activities**
(Dollars in Thousands)

| | 2019 | 2018 |
|---|---|---|
| **Revenues:** | | |
| Program revenues | $ 649 | 17,621 |
| General revenues: | | |
| Taxes | 40,219 | 42,100 |
| Capital contributions | 4,358 | 2,034 |
| Investment income | 1,909 | 143 |
| Total revenues | 47,135 | 61,898 |
| **Expenses:** | | |
| General government | 18,249 | 18,312 |
| Public safety | 207 | 185 |
| Public works | 2,075 | 3,150 |
| Community development | 316 | 525 |
| Culture and recreation | 7,039 | 10,941 |
| Interest on long-term debt | 3,967 | 1,625 |
| Total expenses | 31,853 | 34,738 |
| Increase in net position before transfers | 15,282 | 27,160 |
| Transfers (net) | (16,732) | (56,070) |
| Transfer of capital assets to the City of Mountain View | (1,332) | (19,496) |
| Change in net position | (2,782) | (48,406) |
| Beginning net position | 71,205 | 119,611 |
| Ending net position | $ 68,423 | 71,205 |

The major component of the Shoreline Community's fiscal year 2019 revenues is $40.2 million from property taxes. This is a decrease of $1.9 million compared to the prior fiscal year. Program revenues are $0.6 million, $17.0 million less than the prior fiscal year, primarily due to significant one-time developer fees and contributions received in the prior fiscal year. Investment earnings accounted for $1.9 million of Shoreline Community revenues, increasing by $1.8 million compared to the prior fiscal year due to growth in the portfolio, fair value adjustments and higher interest earnings.



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Expenses totaled $31.9 million, $2.9 million lower than the prior fiscal year resulting from a loss on disposal of capital assets of $3.2 million in the prior fiscal year.

The change in net position is a decrease of $2.8 million compared to the prior fiscal year decrease of $48.4 million. The difference is due to the items mentioned above related to the one-time capital asset transfers to the City and higher transfers for capital projects occurring in prior fiscal year.

## FINANCIAL ANALYSIS OF THE SHORELINE COMMUNITY'S FUNDS

As noted earlier, the Shoreline Community uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Shoreline Community's governmental funds is to provide information on near-term inflows, outflows, and balances of resources that are available for spending. Such information is useful in assessing the Shoreline Community's financing requirements.

As of June 30, 2019, the Shoreline Community's funds reported combined fund balances of $106.7 million, an increase of $66.7 million from the prior fiscal year. Committed Fund Balance decreased by $5.9 million while Restricted Fund Balance increased by $72.5 million when compared to the prior fiscal year. The decrease in Committed Fund Balance is due to spending fees received in prior years and no additional developer fees received in the current year. The increase in the Restricted Fund Balance is due to unspent proceeds from the 2018 Shoreline Regional Park Community 2018 Revenue Bonds.

Revenues for the fiscal year ended June 30, 2019 totaled $42.8 million, a decrease of $17.1 million, or 28.5 percent, compared to the prior fiscal year. The decrease is primarily due to one-time $17.1 million developer fees and contributions received in the prior fiscal year. Expenditures totaled $29.6 million, comparable to the prior fiscal year.

The SRPC Fund receives tax revenues on property within the Shoreline Community. The fund accounts for the revenues and expenditures of the Shoreline Community. At the end of the fiscal year, its fund balance is $100.1 million. As a measure of the fund's liquidity, it may be useful to compare the total fund balance to total fund expenditures. The total fund balance represents 412.5 percent of the total fund expenditures of $24.3 million.



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The fund balance of the SRPC Fund increased by $63.0 million during the current fiscal year. Key factors in this increase are as follows:

- Total revenues are $42.7 million in Fiscal Year 2018-19, a decrease of $17.1 million from the prior fiscal year. Property tax revenues are comparable to the prior fiscal year. The primary decrease in revenues is due to one-time developer contribution and fees received in the prior fiscal year as described above.

- Expenditures are comparable to the prior fiscal year.

- The increase in other financing sources is primarily related to the issuance of Shoreline Regional Park Community 2018 Revenue Bonds of $63.8 million and bond premium of $6.4 million. Net transfers out were $25.6 million for the fiscal year ended June 30, 2019 compared to net transfers out of $61.0 million in the prior fiscal year.

<u>The SRPC 2011 Revenue Bonds Fund</u> accounts for resources used for the purpose of paying the principal, interest, and related costs on the Shoreline Regional Park Community 2011 Revenue Bonds as they become due.

Debt service expenditures included $1.8 million in principal retirement and $1.5 million in interest and fiscal charges for the fiscal year ended June 30, 2019, comparable to the prior fiscal year.

<u>The SRPC 2014 Bank Loan Fund</u> accounts for the resources used for the purpose of paying the principal, interest, and related costs on the Shoreline Regional Park Community 2014 Bank Loan as they become due.

Debt service expenditures included $1.6 million in principal retirement and $13,000 in interest and fiscal charges for the fiscal year ended June 30, 2019, comparable to the prior fiscal year.

<u>The SRPC 2018 Revenue Bonds Fund</u> accounts for the resources used for the purpose of paying the principal, interest, and related costs on the Shoreline Regional Park Community 2018 Revenue Bonds as they become due.

Debt service expenditures included $359,000 in interest and fiscal charges for the fiscal year ended June 30, 2019.



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## CAPITAL ASSETS

A summary of capital assets follows:

**Capital Assets**
(Dollars in Thousands)

| | 2019 | 2018 |
|---|---|---|
| Land | $ 14,332 | 14,332 |
| Construction in progress | 22,877 | 21,237 |
| Buildings | 23,908 | 23,908 |
| Improvements other than building | 85,569 | 84,768 |
| Machinery and equipment | 2,094 | 2,006 |
| Traffic signals | 1,500 | 931 |
| Streetlights | 1,009 | 1,009 |
| Less accumulated depreciation | (85,741) | (81,248) |
| **Total** | $ 65,548 | 66,943 |

For the fiscal year ended June 30, 2019, capital assets recorded on the Shoreline Community's financial statements amount to $65.5 million (net of accumulated depreciation) comparable to the prior fiscal year. The Shoreline Community transferred capital assets of $1.3 million to the City. Additional information about the City's capital assets is discussed in Note 6 to the financial statements.

## DEBT ADMINISTRATION

As of June 30, 2019, the Shoreline Community has $97.9 million of outstanding long-term debt. During the year, the Shoreline Community's total long-term debt increased by $66.7 million compared with the prior fiscal year mostly due to the issuance of Shoreline Regional Park Community 2018 Revenue Bonds of $63.8 million. Standard & Poor's raised the Shoreline Community's underlying credit rating from "A" to "A+" in November 2018. The Shoreline Community's long-term debt are discussed in Note 7 to the financial statements.



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## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

- Property taxes for the Shoreline Community are expected to increase for the upcoming fiscal year, compared to the July 1, 2018 tax roll. Secured assessed values will increase overall due to the 2.0 CCPI applied to secured property, increases in property values due to changes in ownership, new development added to the tax roll, and projected reduction from resolved appeals. Property values are rising due to the high development demand as a result of the continued strong economy. Unsecured assessed values are self-reported and are declining compared to the July 1, 2018 tax roll. The retention rate of assessment appeals has been high, but there are still pending appeals filed by owners of property in the Shoreline Community from the last recession that could impact future property tax revenues if successful.

These factors were considered in preparing the Shoreline Community's budget for Fiscal Year 2019-20.

## REQUESTS FOR INFORMATION

These financial statements are intended to provide citizens, taxpayers, investors, and creditors with a general overview of the Shoreline Community's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Finance and Administrative Services Department, 500 Castro Street, P.O. Box 7540, Mountain View, California, 94039-7540, or *finance@mountainview.gov*.



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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**
**Statement of Net Position - Governmental Activities**
**June 30, 2019**
**(Dollars in Thousands)**

| | | |
|---|---|---|
| **Assets:** | | |
| Cash and investments | $ | 33,671 |
| Restricted cash and investments | | 76,077 |
| Receivables: | | |
| Accounts | | 48 |
| Interest | | 627 |
| Capital assets: | | |
| Nondepreciable | | 37,209 |
| Depreciable, net of accumulated depreciation | | 28,339 |
| Total assets | | 175,971 |
| **Deferred outflows of resources:** | | |
| Pension items | | 1,103 |
| OPEB items | | 290 |
| Total deferred outflows of resources | | 1,393 |
| **Liabilities:** | | |
| Accounts payable and accrued liabilities | | 3,624 |
| Interest payable | | 1,906 |
| Refundable deposits | | 30 |
| Unearned revenue | | 95 |
| Long-term liabilities: | | |
| Due within one year | | 2,107 |
| Due in more than one year | | 95,756 |
| Net pension liability | | 5,038 |
| Net OPEB liability | | 290 |
| Total liabilities | | 108,846 |
| **Deferred inflows of resources:** | | |
| Pension items | | 95 |
| **Net position:** | | |
| Net investment in capital assets | | 37,179 |
| Restricted for: | | |
| Shoreline Community indebtedness | | 26,215 |
| Debt service | | 6,583 |
| Unrestricted | | (1,554) |
| Total net position | $ | 68,423 |

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**
**Statement of Activities - Governmental Activities**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Expenses | Program Revenues Charges for Services | Net (Expense) Revenue and Changes in Net Position |
|---|---|---|---|
| **Function/Program Activities:** | | | |
| General government | $ 18,249 | - | (18,249) |
| Public safety | 207 | - | (207) |
| Public works | 2,075 | - | (2,075) |
| Community development | 316 | - | (316) |
| Culture and recreation | 7,039 | 649 | (6,390) |
| Interest on long-term debt | 3,967 | - | (3,967) |
| Total governmental activities | $ 31,853 | 649 | (31,204) |
| **General revenues:** | | | |
| Property taxes | | | 40,219 |
| Capital contributions from the City of Mountain View | | | 4,358 |
| Investment income | | | 1,909 |
| **Transfers:** | | | |
| Transfers from the City of Mountain View | | | 2,865 |
| Transfers to the City of Mountain View | | | (19,597) |
| Transfer of capital assets to the City of Mountain View | | | (1,332) |
| Total general revenues, transfers, and special item | | | 28,422 |
| Change in net position | | | (2,782) |
| Net position, beginning of year | | | 71,205 |
| Net position, end of year | | | $ 68,423 |

See accompanying notes to the financial statements.



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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**
**Governmental Funds**
**Balance Sheet**
**June 30, 2019**
**(Dollars in Thousands)**

| | Shoreline Regional Park Community | Shoreline Regional Park Community 2011 Revenue Bonds | Shoreline Regional Park Community 2014 Bank Loan | Shoreline Regional Park Community 2018 Revenue Bonds | Total |
|---|---|---|---|---|---|
| **Assets:** | | | | | |
| Cash and investments | $ 33,671 | - | - | - | 33,671 |
| Restricted cash and investments | 69,494 | 6,572 | - | 11 | 76,077 |
| Receivables: | | | | | |
| Accounts | 48 | - | - | - | 48 |
| Interest | 627 | - | - | - | 627 |
| Total assets | $ 103,840 | 6,572 | - | 11 | 110,423 |
| **Liabilities and fund balances:** | | | | | |
| Liabilities: | | | | | |
| Accounts payable and accrued liabilities | $ 3,624 | - | - | - | 3,624 |
| Refundable deposits | 30 | - | - | - | 30 |
| Unearned revenue | 95 | - | - | - | 95 |
| Total liabilities | 3,749 | - | - | - | 3,749 |
| Fund Balances: | | | | | |
| Restricted | 95,709 | 6,572 | - | 11 | 102,292 |
| Committed | 4,382 | - | - | - | 4,382 |
| Total fund balances | 100,091 | 6,572 | - | 11 | 106,674 |
| Total liabilities and fund balances | $ 103,840 | 6,572 | - | 11 | 110,423 |



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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**
**Reconciliation of the Balance Sheet of Governmental Funds to the Government-wide Statement of Net Position - Governmental Activities**
**June 30, 2019**
**(Dollars in Thousands)**

| | |
|---|---|
| Fund balances - total governmental funds | $ 106,674 |
| Amounts reported for governmental activities in the statement of net position are different because: | |
| Capital assets net of depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 65,548 |
| Interest payable on long-term debt does not require the use of current financial resources and, therefore, interest payable is not accrued as a liability in the balance sheet of governmental funds. | (1,906) |
| Deferred outflows and inflows of resources for pension and OPEB items in governmental activities are not financial resources and, therefore, are not reported in the governmental funds. | |
| Deferred outflows of resources | 1,393 |
| Deferred inflows of resources | (95) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds. | |
| Net pension liability | (5,038) |
| Net OPEB liability | (290) |
| Bonds and loans payable | (97,863) |
| Net position of governmental activities | $ 68,423 |

See accompanying notes to the financial statements.



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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**
**Governmental Funds**
**Statement of Revenues, Expenditures, and Changes in Fund Balances**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Shoreline Regional Park Community | Shoreline Regional Park Community 2011 Revenue Bonds | Shoreline Regional Park Community 2014 Bank Loan | Shoreline Regional Park Community 2018 Revenue Bonds | Total |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Property taxes | $ 40,219 | - | - | - | 40,219 |
| Use of money and property | 2,204 | 108 | - | - | 2,312 |
| Intergovernmental | 15 | - | - | - | 15 |
| Charges for services | 172 | - | - | - | 172 |
| Other | 59 | - | - | - | 59 |
| Total revenues | 42,669 | 108 | - | - | 42,777 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | 18,228 | - | - | - | 18,228 |
| Public safety | 172 | - | - | - | 172 |
| Public works | 1,054 | - | - | - | 1,054 |
| Community development | 244 | - | - | - | 244 |
| Culture and recreation | 3,540 | - | - | - | 3,540 |
| Capital outlay | 100 | - | - | - | 100 |
| Debt service: | | | | | |
| Principal | - | 1,800 | 1,607 | - | 3,407 |
| Interest and fiscal charges | 925 | 1,545 | 13 | 359 | 2,842 |
| Total expenditures | 24,263 | 3,345 | 1,620 | 359 | 29,587 |
| Excess (deficiency) of revenues over (under) expenditures | 18,406 | (3,237) | (1,620) | (359) | 13,190 |
| **Other financing sources (uses):** | | | | | |
| Issuance of bonds | 63,800 | - | - | - | 63,800 |
| Bond premium | 6,416 | - | - | - | 6,416 |
| Transfers in | - | 6,926 | 1,620 | 370 | 8,916 |
| Transfers out | (8,916) | - | - | - | (8,916) |
| Transfers from the City of Mountain View | 2,865 | - | - | - | 2,865 |
| Transfers to the City of Mountain View | (19,597) | - | - | - | (19,597) |
| Total other financing sources (uses) | 44,568 | 6,926 | 1,620 | 370 | 53,484 |
| Net change in fund balances | 62,974 | 3,689 | - | 11 | 66,674 |
| **Fund balances, beginning of year** | 37,117 | 2,883 | - | - | 40,000 |
| **Fund balances, end of year** | $ 100,091 | 6,572 | - | 11 | 106,674 |

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Government-wide Statement of Activities - Governmental Activities**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | | $ 66,674 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. | | |
| Capital assets additions - Contributions from the City of Mountain View | $ 4,358 | |
| Capital assets additions - Capital outlay | 100 | |
| Depreciation | (4,521) | |
| Transfer of capital assets to the City of Mountain View | (1,332) | (1,395) |
| Pension and OPEB contributions made subsequent to the measurement date are expenditures in the governmental funds, but reported as deferred outflows of resources in the government-wide financial statements. | | 1,069 |
| Pension and OPEB expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | (1,196) |
| The issuance of bonds are reported as other financing sources in governmental funds and thus contribute to the change in fund balances. However, bonds issuance change long-term liabilities in the statement of net position and do not affect the statement of activities. | | (70,216) |
| The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. | | 3,407 |
| Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| Amortization of bond premium | 108 | |
| Change in accrued interest payable | (1,233) | (1,125) |
| Change in net position of governmental activities | | $ (2,782) |

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**
**Shoreline Regional Park Community Fund**
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Property taxes | $ 41,808 | 41,808 | 40,219 | (1,589) |
| Use of money and property | 1,650 | 1,650 | 2,204 | 554 |
| Intergovernmental | - | - | 15 | 15 |
| Charges for services | 10 | 10 | 172 | 162 |
| Other | 45 | 45 | 59 | 14 |
| Total revenues | 43,513 | 43,513 | 42,669 | (844) |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government: | | | | |
| Finance and administrative services | 18,256 | 18,264 | 18,228 | 36 |
| Public safety: | | | | |
| Fire | 138 | 139 | 132 | 7 |
| Police | 40 | 40 | 40 | - |
| Public works | 1,218 | 1,249 | 1,054 | 195 |
| Community development | 489 | 553 | 244 | 309 |
| Culture & recreation: | | | | |
| Community services | 4,271 | 4,407 | 3,540 | 867 |
| Library services | - | - | - | - |
| Capital outlay | 161 | 192 | 100 | 92 |
| Debt service | | | | |
| Interest and fiscal charges | - | - | 925 | (925) |
| Total expenditures | 24,583 | 24,854 | 24,263 | 591 |
| Excess of revenues over expenditures | 18,930 | 18,659 | 18,406 | (253) |
| **Other financing sources (uses):** | | | | |
| Issuance of bonds | - | - | 63,800 | 63,800 |
| Bond premium | - | - | 6,416 | 6,416 |
| Transfers out | (4,966) | (4,966) | (8,916) | (3,950) |
| Transfers from the City of Mountain View | - | - | 2,865 | 2,865 |
| Transfers to the City of Mountain View | (15,279) | (24,897) | (19,597) | 5,300 |
| Total other financing sources (uses) | (20,245) | (29,863) | 44,568 | 74,431 |
| Net change in fund balances | $ (1,315) | (11,204) | 62,974 | 74,178 |
| **Fund balance, beginning of year** | | | 37,117 | |
| **Fund balance, end of year** | | | $ 100,091 | |

See accompanying notes to the financial statements.



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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**
**Agency Funds**
**Statement of Fiduciary Assets and Liabilities**
**For the Fiscal Year Ended June 30, 2019**
**(Dollars in Thousands)**

| | Balance June 30, 2018 | Additions | Deductions | Balance June 30, 2019 |
|---|---|---|---|---|
| **Education Enhancement JPA** | | | | |
| **Assets:** | | | | |
| Cash and investments | $ - | 6,665 | (6,665) | - |
| **Liabilities:** | | | | |
| Collection payable | $ - | 6,665 | (6,665) | - |

See accompanying notes to the financial statements.



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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Mountain View Shoreline Regional Park Community (Shoreline Community) was established in 1969 pursuant to the provisions of the Mountain View Shoreline Regional Park Community Act (Act). The purpose of the Shoreline Community is to provide for the development of approximately 1,550 acres of Bayfront lands.

The Shoreline Community is an integral part of the City of Mountain View (City). The Shoreline Community's Board (Board) is comprised of the same members as the City Council and the City's management has operational responsibility of the Shoreline Community. Therefore, the Shoreline Community is considered a blended component unit of the City and its financial activities are included within the City's comprehensive annual financial report.

The Shoreline Community's primary source of revenue is property taxes, which are computed and allocated to the Shoreline Community as follows:

a. The assessed valuation of all property within the Shoreline Community's boundaries is determined and "frozen" for allocation purposes on the date of adoption by the Shoreline Community of a designation of a "base year" assessment roll. Shoreline Community designated the fiscal year ended 1977-78 as the base year.

b. Increments in property taxes resulting from any increase in assessed values after the adoption of the Shoreline Community are allocated to the Shoreline Community; all property taxes on the "frozen" assessed valuation of the property are allocated to the City and other taxing entities receiving taxes within the Shoreline Community's boundaries.

The Shoreline Community has no power to levy or collect taxes. Any legislative property tax reduction would lower the amount of tax revenues that would otherwise be available to pay principal and interest on debt or loans from the City and any increase in the tax rate or assessed valuation or any elimination of present exemptions would increase the amount of tax revenues available for this purpose. The Shoreline Community is also authorized to finance the North Bayshore Plan from other sources, including assistance from the City, the State and federal governments, interest income and the issuance of Shoreline Community debt.

### *A. Basis of Presentation*

The Shoreline Community's basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities. These standards require that the financial statements described below be presented.

***Government-wide Statements*** - The Statement of Net Position and the Statement of Activities display information about the primary government (the Shoreline Community). These statements include the financial activities of the Shoreline Community, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Shoreline Community's activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions of capital assets or resources that are restricted for capital purposes. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

***Fund Financial Statements*** - The fund financial statements provide information about the Shoreline Community's funds, including fiduciary funds. Separate statements for each fund category - *governmental* and *fiduciary* - are presented. The emphasis of fund financial statements is on major individual funds, each of which is displayed in a separate column.

### *B. Major Funds*

The Shoreline Community reports major governmental funds in the basic financial statements as follows:

***Shoreline Regional Park Community Fund (Special Revenue)*** - This fund receives property tax revenues on properties within the Shoreline Community. The fund accounts for the revenues and expenditures of the Shoreline Community. This is the operating fund of the Shoreline Community.

**Shoreline Regional Park Community 2011 Revenue Bonds Fund *(Debt Service)*** – This fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2011 Revenue Bonds as they become due.

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Shoreline Regional Park Community 2014 Bank Loan Fund** ***(Debt Service)*** – This fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2014 Bank Loan as they become due.

**Shoreline Regional Park Community 2018 Revenue Bonds Fund** ***(Debt Service)*** – This fund accounts for the resources used for the purpose of paying the principal, interest and related costs on the Shoreline Regional Park Community 2018 Revenue Bonds (Series A and Series B) as they become due.

The Shoreline Community also reports the following fiduciary fund:

**Education Enhancement JPA Agency Fund** accounts for funds to be used by the joint powers authority to enhance the educational and technology capacity of students in Mountain View schools.

### *C. Basis of Accounting*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *full accrual basis of accounting*. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Governmental funds are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, revenues are recognized when *measurable and available*. The Shoreline Community considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt which are recognized as expenditures to the extent they have matured and are due and payable at year end. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds from long-term debt issuance and acquisitions under capital leases are reported as other financing sources.

Non-exchange transactions, in which the Shoreline Community gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

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**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Those revenues susceptible to accrual are property taxes, earned grant entitlements, and investment revenue. All other revenue items are considered to be measurable and available only when cash is received.

The Shoreline Community may receive funding for specific programs that is restricted to the operations of these programs. The Shoreline Community also receives unrestricted revenues from different funding sources. When restricted program expenses are incurred, it is the Shoreline Community's policy to first apply revenues from the restricted sources to these programs and then apply unrestricted general revenue.

Certain indirect costs are included in program expenses reported for individual functions and activities.

***D. Property Taxes***

The County of Santa Clara (County) assesses properties and it bills, collects and distributes property taxes to the Shoreline Community. The County remits to the Shoreline Community the entire amount levied above the frozen base and handles all delinquencies, retaining interest and penalties. Secured and unsecured property taxes are levied on July 1 for the fiscal year.

Secured property tax becomes a lien on January 1 and is due in two installments, on November 1 and February 1. It becomes delinquent after December 10 and April 10, respectively. Unsecured property tax bills are distributed in July and are due upon receipt, and become delinquent after August 31. Collection of delinquent accounts is the responsibility of the County, which retains all penalties.

The term "unsecured" refers to taxes on personal property other than real estate, land and buildings and are secured by liens on the property owner. Unsecured may also include the property taxes paid in lieu on leased property. Property tax revenues are recognized by the Shoreline Community in the fiscal year they are levied, provided they become available as defined above.

***E. 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, *deferred outflows of resources,* represents a consumption of net position or fund balance that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

### *F. Pension and Other Postemployment Benefits (OPEB) Items*

For purposes of measuring the net pension liability and net OPEB liability, deferred outflows/inflows of resources related to pension and OPEB, and pension and OPEB expenses, information about the fiduciary net position of the City's Pension and OPEB plans and additions to/deductions from the plans' fiduciary net positions have been determined on the same basis as they are reported by the California Public Employees' Retirement System (CalPERS) and the California Employer's Retiree Benefit (CERBT) Trust Fund, respectively. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. CalPERS plan member contributions are recognized in the period in which the contributions are due. Investments are reported at fair value. The Shoreline Community's financial statements reflect its proportionate share of the Pension and OPEB liabilities, deferred outflows/inflows of resources and expenses.

### *G. Effects of New GASB Pronouncements*

The Shoreline Community adopted the provisions of GASB Statements during the fiscal year ended June 30, 2019 as follows:

- In November 2016, the GASB issued Statement No. 83, *Certain Asset Retirement Obligations*. The statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. Implementation of this statement did not have a significant impact on the Shoreline Community's financial statements for the fiscal year ended June 30, 2019.

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- In March 2018, the GASB issued Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*. The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Implementation of this statement did not have a significant impact on the Shoreline Community's financial statements for the fiscal year ended June 30, 2019.

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

- In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for the Shoreline Community's fiscal year ending June 30, 2020.

- In June 2017, the GASB issued Statement No. 87, *Leases*. The objective of this statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this statement are effective for the Shoreline Community's fiscal year ending June 30, 2021.

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## NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this statement are 1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period, and 2) to simplify accounting for interest cost incurred before the end of a construction period. The requirements of this statement are effective for the Shoreline Community's fiscal year ending June 30, 2021.

- In August 2018, the GASB issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No.14 and No.61*. The objectives of this statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for the Shoreline Community's fiscal year ending June 30, 2020.

- In May 2019, the GASB issued Statement No. 91, *Conduit Debt Obligations*. The objectives of this statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosure. The requirements of this statement are effective for the Shoreline Community's fiscal year ending June 30, 2022.

### *H. Use of Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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## NOTE 2 – BUDGETS AND BUDGETARY ACCOUNTING

### *A. Budgets and Budgetary Accounting*

The Shoreline Community adopts an annual budget on or before June 30 for the ensuing fiscal year for the Shoreline Regional Park Community Fund.

No annual budgets are adopted for the Shoreline Community's Debt Service Funds. Repayment of the debt is authorized by the adoption of the indenture provisions for the life of the debt.

Budget appropriations become effective each July 1. The Board may amend the budget during the fiscal year. The legal level of budgetary control has been established at the fund and department level. Appropriations generally lapse at the end of the fiscal year to the extent they have not been expended or encumbered.

The Shoreline Regional Park Community Fund's annual budget is presented on a basis consistent with the basic financial statements prepared in accordance with GAAP.

Budgeted revenue amounts represent the original budget modified by adjustments authorized during the fiscal year. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the fiscal year and reappropriated amounts for encumbrances and donations outstanding at the end of each prior fiscal year.

The Shoreline Community's Board must approve appropriation increases to departmental budgets; however, management may transfer Board-approved budgeted amounts within fund and departmental expenditure classifications. Judgments, settlements and accrual entries are not subject to budgetary control and expenditures exceeding budget due to these items do not constitute a violation of budget policy or control. Supplemental appropriations were approved during the course of the fiscal year as needed.

### *B. Encumbrance Accounting*

Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. Encumbrance accounting is employed as an extension of formal budgetary integration. Encumbrances outstanding at fiscal year end are automatically reappropriated for inclusion in the following fiscal year's budget.

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## NOTE 3 – CASH AND INVESTMENTS

### *A. Classification*

Cash and investments are classified in the financial statements, based on whether or not their use is restricted under the terms of debt instruments. Investments are carried at fair value as of June 30, 2019. Cash and investments are as follows (dollars in thousands):

| | |
|---|---|
| Cash and investments | $ 33,671 |
| Restricted cash and investments | 76,077 |
| Total cash and investments | $ 109,748 |

The Shoreline Community's cash and investments of $33.7 million are invested in the City's cash and investments pool. Restricted cash and investments are held by bond trustee of which $41.5 million, $19.5 million, and $15.1 million are invested in U.S. Treasury Obligation, U.S. Agency Securities, and Money Market Mutual Funds, respectively.

### *B. Investments In City's Cash and Investment Pool*

The City Council is responsible for the regulatory oversight of the City's cash and investments pool. The City's Investment Policy and the California Government Code permit investments in the following: Securities issued by the U.S. Government or an agency of the U.S. Government, mortgage-backed securities, commercial paper, banker's acceptances, medium term notes issued by U.S. corporations, mutual funds invested in U.S. Government securities, certificates of deposit, municipal bonds issued by the City or any of its component units, the Local Agency Investment Fund (LAIF), and Supranational securities.

As of June 30, 2019, the City's cash and investments pool was comprised primarily of investments in securities issued by the U.S. Government and its agencies, medium term notes, supranational securities, LAIF, bonds issued by the Shoreline Community, and money market mutual funds. The City's cash and investments pool is unrated and has a modified duration of 1.88 years. Additional information regarding the interest rate, credit, concentration of credit risks and fair value hierarchy of the City's cash and investments pool can be found in the notes to the City's basic financial statements.

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## NOTE 3 – CASH AND INVESTMENTS (Continued)

### *C. Investments Held by Bond Trustee*

The Shoreline Community must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of its debt issues. These funds are pledged as reserves to be used if the Shoreline Community fails to meet its obligations under these debt issues. The investment of debt proceeds held by bond trustee is governed by provisions of the debt agreements, rather than the general provisions of the California Government Code or the City's Investment Policy. These debt agreements do not address interest rate, credit and concentration of credit risks.

The investment types that are authorized for investments held by bond trustee are as follows:

| Authorized Investment Type | Maximum Maturity |
|---|---|
| U.S. Treasury Obligations | No Limit |
| U.S. Agency Securities | No Limit |
| Deposit Accounts, Federal Funds and Banker's Acceptances | 360 days |
| FDIC Insured Certificates of Deposit | No Limit |
| Commercial Paper | 270 days |
| Money Market Mutual Funds | No Limit |
| State and Local Agency Bonds | No Limit |
| Insurer Approved Investment Contracts | No Limit |
| Insurer Approved Other Forms of Investments Including Repurchase Agreements | No Limit |
| Local Agency Investment Fund (LAIF) | No Limit |

***Interest Rate Risk***

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The City monitors the interest rate risk inherent in its portfolio by measuring the modified duration (modified duration is a measure of a fixed income's cash flows using present values, weighted for cash flows as a percentage of the investments' full price) of its portfolio. The City monitors interest rate risk inherent in investments held by the trustee by using specific identification. The Shoreline

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**NOTE 3 – CASH AND INVESTMENTS (Continued)**

Community's investment in the U.S. Agency Securities has a maturity date of December 27, 2019. The Shoreline Community's investment in the U.S. Treasury Obligation of $10.0 million, $25.0 million, and $6.5 million have maturity dates of July 25, 2019, December 31, 2019, and June 15, 2020, respectively.

***Credit Risk***

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of June 30, 2019, the Shoreline Community's investments in Money Market Mutual Funds is rated AAA by Standard & Poor's while the U.S. Treasury Obligation is exempt from credit rating disclosure.

***Concentration of Credit Risk***

The Shoreline Community is required to disclose investments that represent a concentration of 5.0 percent or more of investments in any one issuer other than U.S. Treasury obligations, money market mutual funds and external investment pools. As of June 30, 2019, the Shoreline Community's investments in Federal Agency Securities held by bond trustee consisted of $19.5 million issued by Federal Home Loan Bank.

***D. Fair Value Hierarchy***

The Shoreline Community categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The Shoreline Community's investment in the U.S. Treasury Obligations is measured using level 2 inputs, while investment in the City's cash and investments pool and Money Market Mutual Funds are not subject to fair value hierarchy. Investments measured using level 2 inputs are valued using prices determined by the use of matrix pricing techniques maintained by the pricing vendors for these investments. Matrix pricing is used to value investments based on the investments' relationship to benchmark quoted prices.

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## NOTE 4 – INTERFUND TRANSFERS

With Board approval, resources may be transferred from one fund to another. The purpose of the majority of transfers is to allocate resources from the fund that receives them to the fund where they will be spent without a requirement for repayment. For the fiscal year ended June 30, 2019, Shoreline Regional Park Community Fund transferred $3.3 million, $1.6 million, and $370,000 to the Shoreline Regional Park Community 2011 Revenue Bonds Fund, Shoreline Regional Park Community 2014 Bank Loan Fund, and Shoreline Regional Park Community 2018 Revenue Bonds Fund, respectively, to fund debt service payments. The Shoreline Regional Park Community Fund also transferred $3.6 million to the Shoreline Regional Park Community 2011 Revenue Bonds Fund for proceeds received from issuance of bonds.

## NOTE 5 – TRANSACTIONS WITH THE CITY

***Transfers Between the Shoreline Community and the City***

The City expends funds on capital projects on behalf of the Shoreline Community which transfers the required funds to the City prior to the commencement of the project. Any unspent funds are returned to the Shoreline Community upon completion of the project.

During the fiscal year ended June 30, 2019, the Shoreline Community transferred to the City $19.4 million to fund capital projects, $119,000 for equipment replacements, and $42,000 for operating costs. The City transferred $2.9 million to the Shoreline Community to return interest earnings on available capital projects balances and unspent funds on completed capital projects.

## NOTE 6 – CAPITAL ASSETS

All capital assets, including intangible assets, are valued at historical cost or estimated historical cost if actual historical 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 Shoreline Community defines capital assets as assets with an initial individual cost of more than $100,000 for land and infrastructure, $25,000 for buildings and improvements other than buildings, and $5,000 for others, and an estimated useful life in excess of two years.

Depreciation is provided using the straight-line method, which means the cost of the asset is divided by its expected useful life in years and the result is charged to expense each fiscal year until the asset is fully depreciated. The City has assigned the useful lives to capital assets as follows:

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## NOTE 6 – CAPITAL ASSETS (Continued)

| | |
|---|---|
| Buildings | 25 to 50 years |
| Improvements other than buildings | 5 to 50 years |
| Intangible assets | Various |
| Machinery and equipment | 3 to 20 years |
| Traffic signals | 20 years |
| Streetlights | 50 years |

Major outlays for capital assets and improvements are capitalized as projects are constructed.

### A. *Capital Asset Activities*

Capital assets activity for the fiscal year ended June 30, 2019 is as follows (dollars in thousands):

| | Balance June 30, 2018 | Additions | Retirements | Transfers | Balance June 30, 2019 |
|---|---|---|---|---|---|
| Capital assets not being depreciated: | | | | | |
| Land | $ 14,332 | - | - | - | 14,332 |
| Construction in progress | 21,237 | 4,342 | - | (2,702) | 22,877 |
| Total capital assets not being depreciated | 35,569 | 4,342 | - | (2,702) | 37,209 |
| Capital assets being depreciated: | | | | | |
| Buildings | 23,908 | - | - | - | 23,908 |
| Improvements other than buildings | 84,768 | - | - | 801 | 85,569 |
| Machinery and equipment | 2,006 | 116 | (28) | - | 2,094 |
| Traffic signals | 931 | - | - | 569 | 1,500 |
| Streetlights | 1,009 | - | - | - | 1,009 |
| Total capital assets being depreciated | 112,622 | 116 | (28) | 1,370 | 114,080 |
| Less accumulated depreciation for: | | | | | |
| Buildings | (9,783) | (723) | - | - | (10,506) |
| Improvements other than buildings | (68,654) | (3,646) | - | - | (72,300) |
| Machinery and equipment | (1,591) | (79) | 28 | - | (1,642) |
| Traffic signals | (652) | (53) | - | - | (705) |
| Streetlights | (568) | (20) | - | - | (588) |
| Total accumulated depreciation | (81,248) | (4,521) | 28 | - | (85,741) |
| Net capital assets being depreciated | 31,374 | (4,405) | - | 1,370 | 28,339 |
| Total capital assets, net | $ 66,943 | (63) | - | (1,332) | 65,548 |

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## NOTE 6 – CAPITAL ASSETS (Continued)

During the fiscal year ended June 30, 2019, the Shoreline Community transferred certain infrastructure including bridges and culverts; sidewalks, curbs and gutters; and streets and roads funded by the Shoreline Community totaling $1.3 million to the City in accordance with the Act.

### *B. Depreciation Allocation*

Depreciation expense is charged to functions and programs based on their usage of the related assets. The amounts allocated to each governmental activities function for the fiscal year ended June 30, 2019 are as follows (dollars in thousands):

| | |
|---|---|
| General government | $ 21 |
| Public safety | 35 |
| Public works | 991 |
| Community development | 64 |
| Culture and recreation | 3,410 |
| Total | $ 4,521 |

### *C. Construction Commitments*

The Shoreline Community has active construction projects that include land; improvements other than buildings; and infrastructure. Commitments with contractors for construction, as of June 30, 2019, are as follows (dollars in thousands):

| | Spent to Date | Remaining Commitment |
|---|---|---|
| Land | $ - | 28,287 |
| Improvements other than buildings | 18,574 | 723 |
| Infrastructure | 4,303 | 1,149 |
| Total | $ 22,877 | 30,159 |

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## NOTE 7 – NONCURRENT LIABILITIES

The Shoreline Community generally incurs long-term debt to finance projects or purchase assets, which will have useful lives equal to or greater than the related debt. The Shoreline Community's debt issues and transactions are summarized below and discussed in detail thereafter.

### A. *Composition and Changes*

Noncurrent liabilities activities for the fiscal year ended June 30, 2019 are as follows (dollars in thousands):

| | Original Issue Amount | Balance June 30, 2018 | Additions | Retirements | Balance June 30, 2019 | Due Within One Year |
|---|---|---|---|---|---|---|
| **Revenue Bonds:** | | | | | | |
| **Shoreline Regional Park Community** | | | | | | |
| **2011 Revenue Refunding Bonds** | | | | | | |
| 2.0% to 5.75%, due Fiscal Year 2040-41 | $ 39,030 | 29,555 | - | (1,800) | 27,755 | 1,890 |
| **Shoreline Regional Park Community** | | | | | | |
| **2018 Revenue Bonds Series A** | | | | | | |
| 5.0%, due Fiscal Year 2048-49 | 53,485 | - | 53,485 | - | 53,485 | - |
| Add unamortized premium | 6,416 | - | 6,416 | (108) | 6,308 | 217 |
| Subtotal 2018 Revenue Bonds Series A | 59,901 | - | 59,901 | (108) | 59,793 | 217 |
| **Shoreline Regional Park Community** | | | | | | |
| **2018 Revenue Bonds Series B** | | | | | | |
| 3.36% to 4.24%, due Fiscal Year 2031-32 | 10,315 | - | 10,315 | - | 10,315 | - |
| Total Revenue Bonds | 109,246 | 29,555 | 70,216 | (1,908) | 97,863 | 2,107 |
| **Bank Loan:** | | | | | | |
| **Shoreline Regional Park Community** | | | | | | |
| **2014 Bank Loan** | | | | | | |
| 1.65%, due Fiscal Year 2018-19 | 12,135 | 1,607 | - | (1,607) | - | - |
| **Total noncurrent liabilities** | $ 121,381 | 31,162 | 70,216 | (3,515) | 97,863 | 2,107 |

### B. *Descriptions of Noncurrent Liabilities*

**2011 Revenue Bonds Shoreline Regional Park Community -** On July 19, 2011, the Shoreline Community issued $39.0 million of 2011 Revenue Bonds, Series A. Proceeds from the bonds were used to call the outstanding Shoreline Community's Tax Allocation Bonds, 1996 Series A and provide funds to acquire and construct certain capital improvements of benefit to the Shoreline Community. The 2011 Bonds are special obligations of the Shoreline Community and are secured by a portion of all taxes levied upon all taxable property within the Shoreline Community. Principal payments are payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax

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## NOTE 7 – NONCURRENT LIABILITIES (Continued)

revenues generated within the Shoreline Community. The Shoreline Community is considered to be in default if the Shoreline Community fails to pay the principal of and interest on the outstanding bonds when become due and payable. If an event of default has occurred and is continuing, the trustee may, and if requested in writing by the owners of a majority in aggregate principal amount of the bonds then outstanding, declare the principal of the bonds, together with the accrued interest, to be due and payable immediately.

**2014 Shoreline Regional Park Community Loan Payable -** On April 21, 2014, the Shoreline Community obtained a bank loan in the amount of $12.1 million. Proceeds from the loan were used to retire the outstanding Shoreline Community's 2001 Tax Allocation Bonds, and 2004 Tax Allocation Bonds. Principal payments are payable annually on August 1 and interest payment semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. The loan payable was paid off on August 1, 2018.

**2018 Revenue Bonds Shoreline Regional Park Community -** On December 19, 2018, the Shoreline Community issued 2018 Revenue Bonds, Series A (Tax-Exempt) and Series B (Taxable) (2018 Bonds) of $53.5 million and $10.3 million, respectively. Proceeds from the 2018 Bonds were used to provide funds to acquire and construct certain capital improvements of benefit to the Shoreline Community. The 2018 Bonds are special obligations of the Shoreline Community and are secured by a portion of all taxes levied upon all taxable property within the Shoreline Community. Principal payments are payable annually on August 1 and interest payments semi-annually on August 1 and February 1 from property tax revenues generated within the Shoreline Community. The Shoreline Community is considered to be in default if the Shoreline Community fails to pay the principal of and interest on the outstanding bonds when become due and payable. If an event of default has occurred and is continuing, the trustee may, and if requested in writing by the owners of a majority in aggregate principal amount of the bonds then outstanding, declare the accreted value and principal of the bonds, together with the accrued interest, to be due and payable immediately.

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## NOTE 7 – NONCURRENT LIABILITIES (Continued)

### *C. Debt Service Requirements*

The pledge of future tax increment revenues ends upon repayment of the $176.1 million in remaining debt service on the Shoreline Community's Revenue Bonds, which is scheduled to occur in Fiscal Year 2048-49. For the fiscal year ended June 30, 2019, tax increment revenues amounted to $40.2 million, which represented coverage of 7.6 over the $5.3 million in debt service.

Annual debt service requirements to maturity are as follows (dollars in thousands):

| For the Fiscal Year | Governmental Activities | | |
|---|---|---|---|
| Ending June 30 | Principal | Interest | Total |
| 2020 | $ 1,890 | 4,527 | 6,417 |
| 2021 | 1,985 | 4,430 | 6,415 |
| 2022 | 2,085 | 4,328 | 6,413 |
| 2023 | 1,615 | 4,243 | 5,858 |
| 2024 | 1,680 | 4,175 | 5,855 |
| 2025-2029 | 9,545 | 19,696 | 29,241 |
| 2030-2034 | 11,895 | 17,189 | 29,084 |
| 2035-2039 | 15,410 | 13,636 | 29,046 |
| 2040-2044 | 19,945 | 8,996 | 28,941 |
| 2045-2049 | 25,505 | 3,313 | 28,818 |
| Total | $ 91,555 | 84,533 | 176,088 |

## NOTE 8 – PENSION PLAN

### *A. General Information about the Pension Plan*

***Plan Descriptions*** – All qualified regular and probationary employees are eligible to participate in the City's Miscellaneous Plan (Plan), agent multiple-employer defined benefit pension plan administered by the California Public Employees' Retirement System (CalPERS), which acts as a common investment and administrative agent for its participating member employers. Benefit provisions under the Plan are established by State statute and City resolution. CalPERS 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 at www.calpers.ca.gov. The Shoreline Community participates in a cost-sharing arrangement in the City's Plan and a proportionate share of pension balances are allocated to the Shoreline Community.

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## NOTE 8 – PENSION PLAN (Continued)

***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, age at retirement and compensation. The cost-of-living adjustments for the CalPERS plans are applied as specified by the Public Employees' Retirement Law. The California Public Employees' Pension Reform Act (PEPRA), which became effective in January 2013, changes the way CalPERS retirement and health benefits are applied, and places compensation limits on members. As such, members who established CalPERS membership on or after January 1, 2013 are known as "PEPRA" members.

The Plan's provisions and benefits in effect at June 30, 2019, are summarized as follows:

| Hire date | Prior to January 1, 2013 | On or after January 1, 2013 |
|---|---|---|
| Benefit formula | 2.7% @ 55 | 2.0% @ 62 |
| Benefit vesting schedule | 5 years service | 5 years service |
| Benefit payments | Monthly for life | Monthly for life |
| Retirement age | 50 - 55+ | 52 - 62+ |
| Monthly benefits, as a % of eligible compensation | 2.0% to 2.7% | 1.0% to 2.5% |
| Required employee contribution rates | 8.00% | 6.25% |
| Required employer contribution rates | 30.741% | 30.741% (A) |

(A) The minimum employer contribution rate under PEPRA is the greater of the required employer rate cost or the employer normal costs.

***Contributions*** – Section 20814(c) of the California Public Employees' Retirement Law requires the employer contribution rates for all public employers to be determined on an annual basis by the CalPERS actuary and shall be effective on the July 1 following notice of a change in the rate. The actuarially determined rate is the projected 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 Shoreline Community is required to contribute its proportionate share of the difference between the actuarially determined rate and the contribution rate of employees. For Fiscal Year 2018-19, the Shoreline Community recognized $779,000 as contributions for pension.

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## NOTE 8 – PENSION PLAN (Continued)

### *B. Net Pension Liability*

The Shoreline Community's net pension liability in the Plan is measured as the proportionate share of the City's net pension liability. The net pension liability of the Plan is measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The Shoreline Community's proportion of the net pension liability was based on the projection of the Shoreline Community's long-term share of contributions to the pension plan relative to the projected contributions of all participating City funds, actuarially determined.

The change in the Shoreline Community's proportionate share of the net pension liability as of June 30, 2019 and 2018 (measurement dates of June 30, 2018 and 2017, respectively) for the Plan are as follows (dollars in thousands):

| | Net Pension Liability | Proportion of the City's Miscellaneous Plan |
|---|---|---|
| Proportion - Measurement date June 30, 2018 | $ 5,038 | 4.51% |
| Proportion - Measurement date June 30, 2017 | 5,431 | 4.53% |
| Change | $ (393) | -0.02% |

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## NOTE 8 – PENSION PLAN (Continued)

***Actuarial Assumptions*** – The total pension liability for the Plan in the June 30, 2017 actuarial valuation was determined using actuarial assumptions as follows:

| | Miscellaneous Plan |
|---|---|
| Valuation Date | June 30, 2017 |
| Measurement Date | June 30, 2018 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 7.15% |
| Inflation | 2.50% |
| Payroll Growth | 2.75% |
| Projected Salary Increase | Varies by Entry Age and Service |
| Investment Rate of Return | 7.15% Net of Pension Plan Investment Expenses, includes Inflation |
| Post Retirement Benefit Increase | Contract COLA up to 2.00% until Purchasing Power Allowance Floor on Purchasing Power applies, 2.50% thereafter. |
| Mortality | Derived using CalPers Membership Data for all Funds (1) |

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the CalPERS 2017 experience study report available on the CalPERS website.

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

***Change of Assumptions*** – Demographic assumptions and inflation rate were changed in accordance to the CalPERS Experience Study and Review of Actuarial Assumptions December 2017. The inflation rate reduced from 2.75 percent to 2.50 percent for the June 30, 2017 actuarial valuations.

***Discount Rate*** – The discount rate used to measure the total pension liability was 7.15 percent for the 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.

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## NOTE 8 – PENSION PLAN (Continued)

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

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

The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. The long-term expected real rate of return by asset class and the target allocation adopted by the CalPERS Board effective on July 1, 2017, are as follows:

| Asset Class | Current Target Allocation | Real Return Years 1 - 10 [1] | Real Return Years 11+ [2] |
|---|---|---|---|
| Global Equity | 50.0% | 4.80% | 5.98% |
| Global Fixed Income | 28.0 | 1.00 | 2.62 |
| Inflation Sensitive | 0.0 | 0.77 | 1.81 |
| Private Equity | 8.0 | 6.30 | 7.23 |
| Real Estate | 13.0 | 3.75 | 4.93 |
| Liquidity | 1.0 | 0.00 | (0.92) |

(1) An expected inflation rate of 2.00% is used for this period.
(2) An expected inflation rate of 2.92% is used for this period.

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## NOTE 8 – PENSION PLAN (Continued)

***Sensitivity of the Net Pension Liability to Changes in the Discount Rate*** – The Shoreline Community's proportionate share as of the measurement date, calculated using the discount rate of 7.15 percent, as well as what the Shoreline Community's net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate are as follows (dollars in thousands):

| | Discount Rate -1% (6.15%) | Current Discount Rate (7.15%) | Discount Rate +1% (8.15%) |
|---|---|---|---|
| Shoreline Community's proportionate share of the City's Miscellaneous Plan net pension liability | $ 7,511 | 5,038 | 2,982 |

### C. *Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions*

For the fiscal year ended June 30, 2019, the Shoreline Community recognized pension expense of $906,000. The Shoreline Community reported deferred outflows of resources and deferred inflows of resources related to pensions by sources for the fiscal year ended June 30, 2019 are as follows (dollars in thousands):

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Pension contributions subsequent to measurement date | $ 779 | - |
| Differences between expected and actual experience | 77 | (20) |
| Changes in assumptions | 230 | (75) |
| Net differences between projected and actual earnings on plan investments | 17 | - |
| Total | $ 1,103 | (95) |

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## NOTE 8 – PENSION PLAN (Continued)

As of June 30, 2019, the Shoreline Community reported $779,000 as deferred outflows of resources related to contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2020. Net amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense are as follows (dollars in thousands):

| Fiscal Year Ending June 30, | Deferred Outflows / (Inflows) of Resources |
|---|---|
| 2020 | $ 379 |
| 2021 | 45 |
| 2022 | (155) |
| 2023 | (40) |
| Total | $ 229 |

## NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS

### *A. General Information about the OPEB Plan*

***Plan Descriptions*** – By Council resolution and through agreements with its labor units, the City provides certain health care benefits for retirees (spouse and dependents are not included for CalPERS Miscellaneous employees, but are included for CalPERS Safety employees in the CalPERS Health Program governed by the Public Employees' Medical and Hospital Care Act (PEHMCA)) under a single employer defined benefit plan. In December 2008, the City entered into an agreement with CalPERS to participate in CERBT, an agent multiple-employer other postemployment benefits plan, to fund the City's OPEB. CERBT is administrated by CalPERS, is managed by an appointed board not under the control of the City Council. CERBT issues a publicly available financial report that can be found on the CalPERS website at www.calpers.ca.gov. The Shoreline Community participates in a cost-sharing arrangement in the City's OPEB plan and a proportionate share of OPEB balances are allocated to the Shoreline Community.

The City also offers a Defined Contribution (DC) Plan to eligible miscellaneous employees. If an employee elects to participate in the DC Plan, the City makes contributions on behalf of the employee into a Health Savings Account (HSA). Employees who have elected the DC Plan are not included in the City's actuarial valuation for OPEB.

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**NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)**

***Benefits Provided*** – The City provides medical and vision OPEB benefits. Additional information regarding the benefits provided for the City's OPEB plan can be found in the notes to the City's basic financial statements.

***Contributions*** – The City's OPEB funding policy is to contribute 100 percent or more of the actuarially determined contribution each year. For the fiscal year ended June 30, 2019, the Shoreline Community's contributions totaled $290,000.

***B. Net OPEB Liability***

The Shoreline Community's net OPEB liability in the City's OPEB Plan is measured as the proportionate share of the City's net OPEB liability. The City's net OPEB liability is measured as of June 30, 2018, using an annual actuarial valuation as of July 1, 2017. The Shoreline Community's proportion of the net OPEB liability was based on the projection of the Shoreline Community's long-term share of contributions to the OPEB plan relative to the projected contributions of all participating City funds, actuarially determined.

The change in the Shoreline Community's proportionate share of the net OPEB liability as of June 30, 2019 and 2018 (measurement dates of June 30, 2018 and 2017, respectively) for the OPEB Plan are as follows (dollars in thousands):

| | Net OPEB Liability | Proportion of the City's OPEB Plan |
|---|---|---|
| Proportion - Measurement date June 30, 2018 | $ 290 | 1.12% |
| Proportion - Measurement date June 30, 2017 | 1,085 | 3.27% |
| Change | $ (795) | -2.15% |

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## NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

***Actuarial Assumptions*** – The total OPEB liability for the City's OPEB plan in the July 1, 2017 actuarial valuation were determined using actuarial assumptions as follows:

| | |
|---|---|
| Valuation Date | July 1, 2017 |
| Measurement Date | June 30, 2018 |
| Actuarial Cost Method | Entry-Age Normal Cost Method |
| Actuarial Assumptions: | |
| Discount Rate | 6.50% |
| Inflation | 2.75% |
| Payroll Growth | 3.00% |
| Projected Salary Increase | 3.25% |
| Investment Rate of Return | 6.50% Net of OPEB Plan Investment Expenses, includes Inflation. |
| Post Retirement Benefit Increase | For medical plan premiums: 8.00% for the year beginning January 1, 2018 and graded down by 0.50% per year until 5.00% ultimate rate is reached. For vision premiums: 3.00% |
| Mortality | Derived using CalPERS Membership Data for all Funds (1) |

(1) Demographic actuarial assumptions used are based on CalPERS 2014 experience study report using data from 1997 to 2011, except for the MacLeod Watts Scale 2017 applied generationally as the basis to project future morality improvements. The representative mortality rates were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008.

***Discount Rate*** – The discount rate used to measure the total OPEB liability is 6.50 percent. The projection of cash flows used to determine the discount rate assumed that the City's contribution will be made equal to the actuarially determined contribution. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OEPB plan investments is applied to all periods of projected benefit payments to determine the total OPEB Liability.

The long-term expected rate of return for OPEB plan investments is 6.50 percent. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. The long-term expected real rate of return by asset class and the target allocation are as follows:

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## NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

| Asset Class | Current Target Allocation | Real Return Years 1-10 [1] | Real Return Years 11+ [2] |
|---|---|---|---|
| Global Equity | 40.0% | 5.25% | 5.71% |
| Fixed Income | 39.0 | 1.79 | 2.40 |
| TIPS | 10.0 | 1.00 | 2.25 |
| REITS | 8.0 | 3.25 | 7.88 |
| Commodities | 3.0 | 0.34 | 4.95 |

(1) An expected inflation rate of 2.5% is used for this period.
(2) An expected inflation rate of 3.0% is used for this period.

***Sensitivity of the Net OPEB Liability to Changes in the Discount Rate*** – The Shoreline Community's proportionate share of the net OPEB liability, calculated using the discount rate of 6.50 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate are as follows (dollars in thousands):

| Discount Rate -1% (5.50%) | Current Discount Rate (6.50%) | Discount Rate +1% (7.50%) |
|---|---|---|
| $ 560 | 290 | 99 |

***Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates*** – The Shoreline Community's proportionate share of the net OPEB liability, as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower or one percentage point higher than the current rate are as follows (dollars in thousands):

| Healthcare Cost Trend Rate -1% | Healthcare Cost Trend Current Rate | Healthcare Cost Trend Rate +1% |
|---|---|---|
| $ 50 | 290 | 601 |

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## NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS (Continued)

### *C. OPEB Expenses and Deferred Outflows of Resources Related to OPEB*

For the fiscal year ended June 30, 2019, the Shoreline Community recognized OPEB expense of $290,000. As of June 30, 2019, the Shoreline Community reported $290,000 as deferred outflows of resources related to contributions for OPEB subsequent to the measurement date, which will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2020.

## NOTE 10 – RISK MANAGEMENT

The Shoreline Community is covered under the City's insurance program and therefore contributes its proportionate share of cost. The City is exposed to various risks of loss related to torts, errors and omissions, injuries to employees or others, unemployment and certain health care benefits of employees. The City has established various self-insurance programs to account for and finance its uninsured risks of loss. Under the self-insurance programs, the City retains the risk of loss up to a maximum of $1.0 million for general liability claims, $750,000 for workers' compensation claims with statutory excess insurance and actual costs incurred for unemployment and certain health care benefits.

For general liability claims, the City has excess liability coverage through the Authority for California Cities Excess Liabilities (ACCEL) to cover the risk of loss for claims in excess of $1.0 million per incident. ACCEL is a joint powers authority (JPA) of medium-sized California municipalities, which pools catastrophic general liability, automobile liability and public officials' errors and omissions losses.

Additional information regarding the City's insurance program can be found in the notes to the City's basic financial statements.

## NOTE 11 – NET POSITION AND FUND BALANCES

### *A. Net Position*

Net position is the excess of all assets and deferred outflows of resources over all liabilities and deferred inflows of resources, regardless of fund. Net position is divided into three captions on the Statement of Net Position. These captions apply only to net position, which is determined at the Government-wide level and are described as follows:

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**NOTE 11 – NET POSITION AND FUND BALANCES (Continued)**

*Net investment in capital assets* – This caption groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt, including debt related deferred outflows and inflows of resources that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

*Restricted* - This caption represents net position, which is restricted as to use by the terms and conditions of agreements with outside parties, governmental regulations, laws or other restrictions which the Shoreline Community cannot unilaterally alter.

*Unrestricted* – This caption represents net position of the Shoreline Community not restricted for any project or purpose.

***B. Fund Balances***

Governmental fund balances represent the assets and deferred outflows of resources less the liabilities and deferred inflows of resources of each fund. Governmental funds report fund balance in classifications based primarily on the extent to which the Shoreline Community is bound to honor constraints on how specific amounts in the funds can be spent. For programs with multiple funding sources, the Shoreline Community prioritizes and expends funds in the following order: Restricted, Committed, Assigned and Unassigned. Each category in the following hierarchy is ranked according to the degree of spending constraint as follows:

*Nonspendable* fund balances are amounts that cannot be spent because they are either (a) not in spendable form; or (b) legally or contractually required to be maintained intact.

*Restricted* fund balances have external restrictions imposed by creditors, grantors, contributors, laws, regulations, or enabling legislation, which requires the resources to be used only for a specific purpose. Nonspendable amounts subject to restrictions are included along with spendable resources. As of June 30, 2019, the Shoreline Community has restricted fund balances of $26.2 for Shoreline Community indebtedness and $6.6 million for debt service.

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**NOTE 11 – NET POSITION AND FUND BALANCES (Continued)**

*Committed* fund balances have constraints imposed by resolution of the Board, which may only be altered by resolution of the Board. Nonspendable amounts subject to Board commitments are included along with spendable resources. As of June 30, 2019, the Shoreline Community has committed fund balances of $4.4 million for capital projects.

*Assigned* fund balances are amounts constrained by the Board's intent to be used for a specific purpose, but are neither restricted nor committed. Intent is expressed by the Board or its designees and may be changed at the discretion of the Board or its designees. The Board has not delegated the authority to make assignments of fund balance. This category also includes residual fund balances which have not been restricted or committed.

*Unassigned* fund balance represents residual fund deficits.

***C. Minimum Fund Balance/Net Position Policies***

The City's Financial and Budgetary Policy requires the Shoreline Community to maintain a reserve of 25 percent of operating budget for three months of operating expenditures; the landfill reserve shall be incrementally increased to accumulate funds to rebuild the landfill system, which is initially estimated at approximately $12.0 million, in case of a catastrophic event; and the sea level rise reserve shall be incrementally increased to $30.0 million for flood protection projects necessary to protect public and private investments within the Shoreline Community identified in the Sea Level Rise Study.

***D. Landfill Containment Reserve***

In 2013, CalRecycle regulations required the City to create a reserve, in whole or incrementally, for potential corrective actions associated with a non-water release event at the landfill site. The estimated costs of the corrective actions are adjusted annually by an inflation factor approved by CalRecycle. On June 25, 2013, the City Council and the Board approved to set-aside funds for landfill containment in the landfill reserve of the Shoreline Regional Park Community Fund. The City estimated the costs for the corrective actions to be $1.0 million for the fiscal year ended June 30, 2019 and $12.0 million to rebuild a new landfill system. As of June 30, 2019, the Shoreline Regional Park Community Fund has reported $7.0 million for the landfill containment as part of restricted fund balance.

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## NOTE 12 – COMMITMENTS AND CONTINGENCIES

### *A. Encumbrances*

The Shoreline Community's outstanding encumbrances as of June 30, 2019 are $331,000 recorded as part of restricted fund balance.

### *B. Education Enhancement Reserve Joint Powers Agreement*

On June 30, 2013, the Shoreline Community entered into an Education Enhancement JPA with the Mountain View Los Altos Unified High School District (MVLAUHSD) and the Mountain View Whisman School District (MVWSD) effective July 1, 2013, for a period of 10 years, superseding any prior agreements. The agreement provides for minimum annual payments commencing with the fiscal year ended June 30, 2014 of $1.8 million and $2.9 million to MVLAUHSD and MVWSD, respectively. Each subsequent fiscal year increases based on the growth in property tax revenues in the preceding fiscal year. For the fiscal year ended June 30, 2019, the Shoreline Community paid $6.7 million in contributions and recorded the pass-through of the contributions in the Education Enhancement JPA Agency Fund.

### *C. Tax Revenue Sharing*

Pursuant to an agreement between the City, the Shoreline Community, and the County dated June 22, 2005, the Shoreline Community is annually obligated to pay the County from tax revenues, an amount equal to the County's total retirement tax override levies and pass-through an additional amount of taxes that would have been allocated to the County in the absence of the existence of the Shoreline Community. For the fiscal year ended June 30, 2019, $1.6 million and $2.0 million in retirement tax override levies and pass-through payments, respectively, were paid to the County.

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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**
**Required Supplementary Information (Unaudited)**
**Schedule of the Shoreline Community's Proportionate Share of the Net Pension Liability**
**(Dollar in Thousands)**

| | Fiscal Year Ended June 30, | | | | |
|---|---|---|---|---|---|
| | **2019** | **2018** | **2017** | **2016** | **2015** |
| Measurement period | 2018 | 2017 | 2016 | 2015 | 2014 |
| Shoreline Community's proportion of the net pension liability (NPL) | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% |
| Shoreline Community's proportionate share of the NPL | $ 5,038 | $ 5,431 | 4,948 | 4,177 | 3,783 |
| Shoreline Community's covered payroll | 1,907 | 1,797 | 1,622 | 1,520 | 1,429 |
| Shoreline Community's proportionate share of the NPL as a percentage of its covered payroll | 264.2% | 302.2% | 305.1% | 274.8% | 264.6% |
| City Miscellaneous Plan's fiduciary net position as a percentage of the City Miscellaneous Plan's total pension liability | 73.4% | 70.2% | 70.0% | 73.4% | 74.9% |

**Note to schedule:**

Benefit Changes - The figures above do not include any liability impact that may have resulted from plan changes, which occurred after the June 30, 2017 valuation date. This applies for voluntary benefit changes as well as any offers of Two Years Additional Service Credit (a.k.a. Golden Handshakes).

Change in assumptions - During measurement period 2014, the discount rate was 7.50%. During measurement period 2015, the discount rate was increased from 7.50 percent to 7.65 percent. There is no change in discount rate 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.

*

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only five years of information is shown.

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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**
**Required Supplementary Information (Unaudited)**
**Schedule of the Shoreline Community Pension Contributions**
**(Dollar in Thousands)**

| | Fiscal Year Ended June 30, | | | | | |
|---|---|---|---|---|---|---|
| Fiscal Year Ended June 30 | **2019** | **2018** | **2017** | **2016** | **2015** | **2014** |
| Contractually required contributions (actuarially determined) (CRC) | $ 779 | 819 | 565 | 509 | 359 | 284 |
| Contributions in relation to the CRC | (779) | (819) | (565) | (509) | (359) | (284) |
| Contribution deficiency (excess) | $ - | - | - | - | - | - |
| Covered payroll | $ 2,009 | 1,907 | $ 1,797 | $ 1,622 | $ 1,520 | 1,429 |
| Contributions as a percentage of covered payroll | 38.8% | 42.9% | 31.4% | 31.4% | 23.6% | 19.9% |

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2019 were as follows:

| | |
|---|---|
| Actuarially determined contribution for fiscal year | June 30, 2019 |
| Actuarial valuation date | June 30, 2016 |
| Actuarial cost method | Entry-Age Normal Cost Method |
| Asset valuation method | Actuarial value of assets |
| Inflation | 2.75% |
| Salary increases | Varies by entry age and services |
| Payroll growth | 3.00% |
| Investment rate of return | 7.375%, net of pension plan investment and administrative expenses, includes inflation. |
| Retirement age | The probabilities of retirement are based on the 2014 CalPERS Experience Study for the period 1997 to 2011. |
| Mortality | The probabilities of mortality are based on the 2014 CalPERS Experience Study for the period from 1997 to 2011. Pre-retirement and Post-retirement mortality rates include 20 years of projected mortality improvement using Scale BB published by the Society of Actuaries. |

*

Fiscal year ended June 30, 2015 was the first year of implementation of GASB Statement No. 68, therefore only six years of information is shown.

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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**
**Required Supplementary Information (Unaudited)**
**Schedule of the Shoreline Community's Proportionate Share of the Net OPEB Liability**
**(Dollar in Thousands)**

| | Fiscal Year Ended June 30, 2019 | Fiscal Year Ended June 30, 2018 |
|---|---|---|
| Measurement period | 2018 | 2017 |
| Shoreline Community's proportion of the net OPEB liability (NOPEBL) | 1.1% | 3.3% |
| Shoreline Community's proportionate share of the NOPEBL | $ 290 | $ 1,085 |
| Shoreline Community's covered payroll | 1,907 | 1,797 |
| Shoreline Community's proportionate share of the NOPEBL as a percentage of its covered payroll | 15.2% | 60.4% |
| City OPEB Plan's fiduciary net position as a percentage of the City OPEB Plan's total OPEB liability | 82.8% | 76.9% |

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only two years of information is shown.



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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**
**Required Supplementary Information (Unaudited)**
**Schedule of the Shoreline Community OPEB Contributions**
**(Dollar in Thousands)**

| | Fiscal Year Ended June 30, | | |
|---|---|---|---|
| Fiscal Year Ended June 30 | **2019** | **2018** | **2017** |
| Actuarially determined contributions (ADC) | $ 290 | 1,085 | 1,014 |
| Contributions in relation to the ADC | (290) | (1,085) | (1,014) |
| Contribution deficiency (excess) | $ - | - | - |
| Covered payroll | $ 2,009 | 1,907 | 1,797 |
| Contributions as a percentage of covered payroll | 14.4% | 56.9% | 56.4% |

The actuarial methods and assumptions used to set the actuarially determined contributions for the fiscal year ended June 30, 2019 were as follows:

| | |
|---|---|
| ADC for fiscal year | June 30, 2019 |
| Actuarial valuation date | July 1, 2017 |
| Actuarial cost method | Entry-Age Normal Cost Method |
| Asset valuation method | Actuarial value of assets |
| Inflation | 2.75% |
| Payroll growth | 3.00% |
| Salary increases | 3.25% |
| Investment rate of return | 6.50% |
| Post Retirement Benefit Increase | For medical plan premiums: 8.00% for the year beginning January 1, 2018 and graded down by 0.50% per year until 5.00% ultimate rate is reached.<br>For vision premiums: 3.00% |
| Mortality | Derived using CalPERS Membership Data for all Funds. Demographic actuarial assumptions used are based on CalPERS 2014 experience study report using data from 1997 to 2011, except for the MacLeod Watts Scale 2017 applied generationally as the basis to project future morality improvements. The representative mortality rates were those published by CalPERS, adjusted to back out 20 years of Scale BB to central year 2008. |

* Fiscal year ended June 30, 2018 was the first year of implementation of GASB Statement No. 75, therefore only three years of information is shown.

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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMMUNITY**
**Shoreline Regional Park Community Fund**
**For the Fiscal Year Ended June 30, 2019**

The **Administrative Fund** in accordance with the Act, moneys may be transferred from the Special Fund for deposit to pay for the administrative expenses and overhead of the Shoreline Community.

The **Special Fund** in accordance with the Act, all tax revenues received by the Shoreline Community are deposited in the Special Fund and will be used to pay the principal of and interest on loans, advances, or other indebtedness of the Shoreline Community.

The **North Bayshore Impact Fee Fund** accounts for the revenues collected for fees adopted to assist with funding improvements in the Shoreline Community.

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**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**
**Shoreline Regional Park Community Fund**
**Combining Balance Sheet**
**June 30, 2019**
**(Dollars in Thousands)**

| | Shoreline Regional Park Community Administrative | Shoreline Regional Park Community Special | North Bayshore Impact Fee | Total |
|---|---|---|---|---|
| **Assets:** | | | | |
| Cash and investments | $ 25,238 | 4,177 | 4,256 | 33,671 |
| Restricted cash and investments | 69,494 | - | - | 69,494 |
| Receivables: | | | | |
| Accounts | 48 | - | - | 48 |
| Interest | 501 | - | 126 | 627 |
| Total assets | $ 95,281 | 4,177 | 4,382 | 103,840 |
| **Liabilities and fund balances:** | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | $ 3,624 | - | - | 3,624 |
| Refundable deposits | 30 | - | - | 30 |
| Unearned revenue | 95 | - | - | 95 |
| Total liabilities | 3,749 | - | - | 3,749 |
| Fund Balances: | | | | |
| Restricted | 91,532 | 4,177 | - | 95,709 |
| Committed | - | - | 4,382 | 4,382 |
| Total fund balances | 91,532 | 4,177 | 4,382 | 100,091 |
| Total liabilities and fund balances | $ 95,281 | 4,177 | 4,382 | 103,840 |

**MOUNTAIN VIEW SHORELINE REGIONAL PARK COMMUNITY**

**Shoreline Regional Park Community Fund**

**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

**For the Fiscal Year Ended June 30, 2019**

**(Dollars in Thousands)**

| | Shoreline Regional Park Community Administrative | Shoreline Regional Park Community Special | North Bayshore Impact Fee | Interfund Elimination | Total |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Property taxes | $ - | 40,219 | - | - | 40,219 |
| Use of money and property | 1,994 | 59 | 151 | - | 2,204 |
| Intergovernmental | 15 | - | - | - | 15 |
| Charges for services | 172 | - | - | - | 172 |
| Other | 59 | - | - | - | 59 |
| Total revenues | 2,240 | 40,278 | 151 | - | 42,669 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | 18,228 | - | - | - | 18,228 |
| Public safety | 172 | - | - | - | 172 |
| Public works | 1,054 | - | - | - | 1,054 |
| Community development | 244 | - | - | - | 244 |
| Culture and recreation | 3,540 | - | - | - | 3,540 |
| Capital outlay | 100 | - | - | - | 100 |
| Debt service: | | | | | |
| Interest and fiscal charges | 925 | - | - | - | 925 |
| Total expenditures | 24,263 | - | - | - | 24,263 |
| Excess (deficiency) of revenues over (under) expenditures | (22,023) | 40,278 | 151 | - | 18,406 |
| **Other financing sources (uses):** | | | | | |
| Issuance of bonds | 63,800 | - | - | - | 63,800 |
| Bond premium | 6,416 | - | - | - | 6,416 |
| Transfers in | 31,410 | - | - | (31,410) | - |
| Transfers out | (11) | (40,315) | - | 31,410 | (8,916) |
| Transfers from the City of Mountain View | 2,481 | - | 384 | - | 2,865 |
| Transfers to the City of Mountain View | (13,197) | - | (6,400) | - | (19,597) |
| Total other financing sources (uses) | 90,899 | (40,315) | (6,016) | - | 44,568 |
| Net change in fund balances | 68,876 | (37) | (5,865) | - | 62,974 |
| **Fund balances, beginning of year** | 22,656 | 4,214 | 10,247 | - | 37,117 |
| **Fund balances, end of year** | $ 91,532 | 4,177 | 4,382 | - | 100,091 |

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**Certified Public Accountants**

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

Board of Directors of the
Mountain View Shoreline Regional Park Community
City of Mountain View, California

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mountain View Shoreline Regional Park Community (Shoreline Community), a component unit of the City of Mountain View, California (City), as of and for the fiscal year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Shoreline Community's basic financial statements, and have issued our report thereon dated November 25, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Shoreline Community's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Shoreline Community's internal control. Accordingly, we do not express an opinion on the effectiveness of the Shoreline Community's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Shoreline Community's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Macias Gini & O'Connell LLP
2121 N. California Boulevard, Suite 750
Walnut Creek, CA 94596

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***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Macias Gini & O'Connell LLP

Walnut Creek, California
November 25, 2019